MINNESOTA HOUSING

MEETINGS SCHEDULED FOR MARCH

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, MARCH 25, 2021

Regular Board Meeting
1:00 p.m.

Conference Call

Toll-free dial-in number (U.S. and Canada):
1.866.901.6455

Access code:
150-398-069

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, March 25, 2021.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision

All Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.

AGENDA
Minnesota Housing Board Meeting
Thursday March 25, 2021
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of February 25, 2021
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**

6. **Consent Agenda**
   A. (page 9) Community Housing Development Organization (CHDO) Capacity Building Grant Extensions

7. **Action Items**
   A. (page 13) Approval, Community Homeownership Impact Fund Scoring Revisions for the 2021 Single Family Request for Proposals
   B. (page 19) Early Debt Forgiveness, Rental Rehabilitation Deferred Loan Program (RRDL) - Seaway, D7627, Duluth
   C. (page 23) Selection and Funding Recommendations: Workforce Housing Development Program
   D. (page 31) 2020 Multifamily Housing Infrastructure Bonds (HIB) Advancing Selections – Amortizing and Deferred Loans
   E. (page 69) Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) BROWNstone, D7722, St. Paul, MN

8. **Discussion Items**
   None.

9. Information Items

A. (page 81) Variable Rate Debt and Swap Report as of January 1, 2021.

B. (page 95) Post-Sale Report, Minnesota Homeownership Finance Bonds (HFB) 2021 Series A (Taxable)

10. Other Business

None.

11. Adjournment

DRAFT Minutes
Minnesota Housing Board Meeting
Thursday, February 25, 2021
1:00 p.m.
Via Conference Call

1. **Call to Order.**
Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:06 p.m.

2. **Roll Call.**
Members Present via conference call: Chief Executive Melanie Benjamin**,** Auditor Julie Blaha, Chair John DeCramer, Craig Klausing, Stephanie Klinzing, Stephen Spears and Terri Thao.
Minnesota Housing Staff present via conference call: Tal Anderson, Noemi Arocho, Ryan Baumtrog, Vi Bergquist, Shelly Bork, Kevin Carpenter, Jessica Deegan, Rachel Franco, Anne Heitlinger, Darryl Henchen, Jennifer Ho, Kasey Kier, Katey Kinley, Greg Krenz, Tresa Larkin, Debbi Larson, Amanda Lor, James Lehnhoff, Sarah Matala, Jill Mazullo, Don McCabe, John Patterson, Devon Pohlman, William Price, Paula Rindels, Rachel Robinson, Joel Salzer, Carolyn Sampson, Megan Sanders, Anne Smetak, Corey Strong, Kim Stuart, Jodell Swenson, Mike Thone, Alyssa Wetzel-Moore, Jennifer Willette, Carole Wohlk, and Kristy Zack.
Others present via conference call: Michelle Adams, Kutak Rock; Ramona Advani, Office of the Minnesota State Auditor; David R Anderson, All Parks Alliance for Change; Melanie Lien, Piper Sandler & Co, and Anne Mavity, Minnesota Housing Partnership.

3. **Agenda Review**
None.

4. **Approval**
A. Regular Meeting Minutes of January 28, 2021

Motion: Terri Thao moved to approve the January 28, 2021 Regular Meeting Minutes. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 6-0. All were in favor.

5. **Reports**
A. Chair
None.
B. Commissioner
Commissioner Ho shared the following with the Board:
    - Welcome new staff members Jennifer Willette and Carolyn Sampson
    - Upcoming staff meeting next month to talk about what working at Minnesota Housing looks like in 2021
    - We are in process of first interviews with eight candidates for the Director of Equity and Inclusion position, and we are looking to hire a COVID-19 Emergency Rental Assistance Program Manager and a COVID-19 Emergency Rental Assistance Project Analyst position.
    - Participated in meetings with Minnesota Community Action Partnership, Minnesota Housing Partnership, University of Minnesota Institute of Child Development, Prosperity's Front Door, Minnesota Indian Affairs Council and NCSHA.

- Testified on Housing Infrastructure Bonds before the House Capital Investment Committee, which was joined by the Housing and the Homelessness Prevention Committees and went before the Senate Housing Finance and Policy Committee to review all federal funds that flow through Minnesota Housing.
- COVID-19 Housing Assistance Program Update
- COVID-19 Emergency Rental Assistance Update

C. Committee

The Finance and Audit Committee met prior to today's board meeting to review the 2020 Conflict of Interest Disclosure Report and the Semi-Annual Chief Risk Officer Report. The Chief Risk Officer gave a verbal report about the risk management projects scheduled for 2021.

6. Consent Agenda

A. Adoption, Resolution Authorizing Amendments to Minnesota Housing Finance Agency Direct Purchase Revolving Line of Credit Notes

Motion: Stephanie Klinzing moved to approve Adoption, Resolution Authorizing Amendments to Minnesota Housing Finance Agency Direct Purchase Revolving Line of Credit Notes. Seconded by Auditor Blaha. Roll call was taken. Motion carries 6-0. All were in favor.

7. Action Items

A. Approval of Changes to the Bridges and Bridges Regional Treatment Center Rental Assistance Programs Guide

Ellie Miller presented to the board a request for approval of revisions to the Bridges and Bridges Regional Treatment Center Rental Assistance Programs Guide. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Craig Klausing moved Approval of Changes to the Bridges and Bridges Regional Treatment Center Rental Assistance Programs Guide. Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

B. Commitment, Low and Moderate Income Rental Loan (LMIR) and Low and Moderate Income Rental Bridge Loans (LMIRBL) - Element, D8123, Plymouth, MN

Jimena Dake presented a request for adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $5,259,000, a LMIRBL program commitment not to exceed $657,000 funded from Housing Investment (Pool 2 funds) and a LMIRBL program commitment not to exceed $8,765,000, funded with Agency tax exempt bonds (if approved by the Board). All commitments are subject to the terms and conditions of the Agency term letter. Chair DeCramer opened up the discussion. There were no questions from board members.

Motion: Stephanie Klinzing moved Commitment, Low and Moderate Income Rental Loan and Low and Moderate Income Rental Bridge Loans - Element, D8123, Plymouth, MN**.** Seconded by Terri Thao. Roll call was taken. Motion carries 6-0. All were in favor.

C. Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series B (Element)

Kevin Carpenter presented a request for authorization to issue short-term fixed rate tax-exempt bonds under the existing Rental Housing bond indenture. The bonds will be issued in an amount not to exceed $8,765,000 and will be used to acquire and finance the acquisition and construction of a 61-unit rental housing development located in Plymouth, Minnesota. The Agency currently expects to price and issue these Rental Housing bonds in April. Michelle Adams, Kutak Rock, joined the call to review the resolution. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Auditor Blaha moved Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2021 Series B (Element). Seconded by Craig Klausing. Roll call was taken. Motion carries 6-0. All were in favor**.**

8. Discussion Items

A. 2nd Quarter FY 2021 Financial Reporting Package

Kevin Carpenter reviewed the 2nd Quarter FY 2021 Financial Reporting Package.

B. First Quarter 2021 Progress Report: 2020-2022 Strategic Plan and 2020-2021 Affordable Housing Plan

John Patterson reviewed the First Quarter 2021 Progress Report: 2020-2022 Strategic Plan and 2020-2021 Affordable Housing Plan.

9. Information Items

None.

10. Other Business

None.

11. Adjournment

The meeting was adjourned at 2:44 p.m.

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John DeCramer, Chair

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Board Agenda Item: 6.A
Date: 3/25/2021

Item: Community Housing Development Organization (CHDO) Capacity Building Grant Extensions

Staff Contact(s):
Alyssa Wetzel-Moore, 651.263.1453, Alyssa.wetzel-moore@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval of one-year extensions and funding of $45,000 to existing grant contracts with four Community Housing Development Organization (CHDO) Capacity Building Grantees.

Fiscal Impact:
None. This component of the Capacity Building Program is funded from Pool 3, with individual awards structured as grants that do not earn interest for the Agency.

Meeting Agency Priorities:
- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Background
- Resolution

Background:

Minnesota Housing has provided capacity building support for Community Housing Development Organizations (CHDOs) for a number of years. A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. To qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, capacity and experience. For the last several years the Agency has been providing this capacity building support through Pool 3 resources. This support was provided to ensure the Agency would be able to fully utilize the 15% set-aside that was federally required with the HOME Investment Partnerships Program.

There are currently four CHDOs that have grant contracts with the Agency for capacity building. Staff recommends extending the existing grant contracts by one-year and providing $45,000 to each grantee.

The four organizations currently receiving funding and recommended for a one-year extension and $45,000 are:

- Center City Housing;
- Central Minnesota Housing Partnership;
- One Roof Community Housing; and
- Three Rivers Community Action, Inc.

The Agency is evaluating next steps with this specific component of the capacity building grant program. Because these four grantees are the only CHDOs in Greater Minnesota, staff recommends this continued support while staff evaluate Agency capacity building resources overall. With the grant extensions and additional resources, the Agency will include communication about the Agency's intent for this to be the last year of funding for this specific CHDO Capacity Building Program.

Expected Outcomes:

Grantees will continue to use grant funds to strengthen their organization to better position them to successfully develop multifamily rental housing either through direct internal capacity building or by leveraging partnership-based capacity building.

Some examples of activities completed with these funds include:

1. Work to increase multifamily development staff capacity by attending development training such as NDC's Housing Development finance professional certification courses and attendance at the MN Affordable Housing Summit
2. Work to increase organizational capacity by working with multifamily development consultants
3. Increase organizational infrastructure by upgrading technology
4. Compensate multifamily development staff including base wages, employment taxes and benefits.
5. Pre-development work and expenses

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102
RESOLUTION NO. MHFA 21-xxx

RESOLUTION APPROVING THE EXTENSION AND INCREASE OF GRANT CONTRACTS FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION CAPACITY BUILDING GRANTEES

WHEREAS, the Minnesota Housing Finance Agency ("Agency") desires to amend grant contracts to maintain the capacity of existing Community Housing Development Organization Capacity Building Grantees while it undertakes the development of a broader strategy to build community developer capacity with expanded uses.

NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby authorizes Agency staff to amend existing grant agreements for additional contract amounts and time with the following entities, using resources available pursuant to the grant, subject to the terms and conditions herein and in the respective grant agreements, subject to changes allowable under Agency and board policies:

Organization	Additional Grant Amount
Center City Housing Corp.	$45,000
Central Minnesota Housing Partnership, Inc.	$45,000
One Roof Community Housing	$45,000
Three Rivers Community Action, Inc.	$45,000

1. The existing grant agreements shall be extended for no longer than one year from the date of the amendment.

2. The issuance of grant contract amendments in form and substance acceptable to Agency staff, and the execution of the individual grant contract amendments shall occur by no later than May 30, 2021; and

3. The sponsors and such other parties shall execute all such documents relating to said grant contract amendments as the Agency, in its sole discretion, deems necessary.

Adopted this 25th day of March 2021

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CHAIRMAN

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Board Agenda Item: 7.A
Date: 3/25/2020

Item: Approval, Community Homeownership Impact Fund Scoring Revisions for the 2021 Single Family Request for Proposals

Staff Contact(s):

Song Lee, 651.296.2291, song.lee.mhfa@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:

Staff requests board approval of the proposed changes to the scoring criteria for the 2021 Single Family Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund).

Fiscal Impact:

None.

Meeting Agency Priorities:

☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☒ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):

- Background
- 2021 Single Family Request For Proposals Scoring Criteria

Background
Minnesota Housing awards funding for the Community Homeownership Impact Fund (Impact Fund) through the annual Single Family Request for Proposals (Single Family RFP). The Single Family RFP provides funding for homeownership projects including downpayment and closing cost assistance, owner-occupied rehabilitation, new construction, acquisition, rehabilitation, resale and the Tribal Indian Housing Program.

Every year, Agency staff analyzes the scoring criteria and recommends whether changes, if any, should be made. The most recent changes to the scoring criteria were approved by the board on March 26, 2020. These scoring criteria were used for the 2020 Single Family RFP.

In an effort towards continuous improvement, staff recommends changes to clarify the selection and funding processes and simplify the scoring criteria while meeting priorities outlined in administrative rule and the Agency's strategic plan. The scoring criteria include Selection Standards and Funding Priorities. Staff proposes changes as follows:

Selection Standards
The Selection Standards include organizational capacity, project feasibility and community need. Program staff will review and assess whether proposals pass or fail Selection Standards thresholds. Proposals that program staff determine pass the thresholds of all three Selection Standards will move forward for scoring under the funding priorities and to the Selection Committee, which consists of Agency leadership. The Selection Committee will recommend selected proposals for funding which will be brought to the board for final approval. Proposals that do not meet thresholds will be discussed with the Selection Committee but will not be eligible for funding.

Previously, the Selection Committee scored each of the Selection Standards on a scale of zero to ten points. Proposals needed to meet a 5.5 point average for each Selection Standard to be selected for funding. Staff recommends the change in process because program staff are most well positioned to evaluate whether proposals pass or fail the Selection Standards due to their thorough analysis of application materials.

Funding Priorities
Funding priorities include the priorities outlined in administrative rule and the Agency's strategic plan. Program staff will score the Funding Priorities with a revised scoring metric of zero- or one-point for each criterion. This new process simplifies the scoring criteria and increases scoring transparency. Previously, Funding Priorities were weighted with some priorities weighted at one point while others weighted at up to 11 points.

Proposed Funding Priorities revisions

- Focus on Households Most Impacted – Updated Households of Greatest Needs to reflect language used in strategic priorities. Removed Marketing and Outreach priority and combined Universal Design/Accessibility Features, Large Family Housing and Senior Housing into one priority under Serves Housing Needs Within Communities.

- Equitable Access to Homeownership – Removed Single Headed Households because it is not identified in the Agency's strategic priorities. Combined Households of Color and Indigenous Communities and Persons with Disabilities into one priority.
- Supporting Community and Economic Development – Combined Rural and Tribal Designation into one priority. Removed Access to Transit and Walkability scores under Location Efficiency and scoring will be based on access to fixed transit or dial-a-ride. The Workforce Housing priority will score on long commute and/or is a job growth community and removed scoring for low housing vacancy rate.
- Increasing and Maintaining the Supply of Affordable Housing – Removed Maintaining Existing Housing Stock through Rehabilitation and Foreclosed, Vacant or Abandoned Properties as a priority.
- Advancement of Housing Innovation and Technology – Removed "Cost Containment" language from the priority name.
- Affordable Housing Options – Removed Affordable Housing Options priority.

Points available for Funding Priorities will decrease from a maximum of 53 points to a maximum of 17 points. Note that the maximum number of points an applicant can receive is also dependent upon the proposed activity.

2021 SINGLE FAMILY REQUEST FOR PROPOSALS SCORING CRITERIA

The selection and funding process will be as follows:

1. Program staff will evaluate all proposals to determine whether they meet all three selection standards thresholds. Proposals that meet the Selection Standards thresholds will be eligible for funding considerations. Proposals that do not meet the Selection Standards will be discussed with the Selection Committee.
2. Program staff will score only proposals that meet the Selection Standards threshold to determine alignment with the funding priorities.
3. The Selection Committee will recommend selected proposals for funding which will be brought to the board for final approval.
4. Final funding recommendations will be based on:
    a. Organizational capacity to complete the awarded number of units within the contract period;
    b. Alignment with Funding Priorities (i.e., Funding Priorities score);
    c. Geographic coverage (i.e., the extent to which selected proposals enable the Agency to serve all areas of the state); and
    d. Funding availability.

<u>SELECTION STANDARDS THRESHOLD</u>

Proposals must pass all three Selection Standards thresholds to be eligible for funding and move forward to Funding Priorities scoring. Proposals will be evaluated based on the factors noted below.

1. **Organizational Capacity** – based on the applicant's related housing experience, demonstrated successful completion of similar projects, progress on current awards, organizational financial capacity and other organizational due diligence factors.
2. **Project Feasibility** – based on the extent to which reasonable development costs are proposed, how proposed development costs and subsidies compare to historical costs of similar Impact Fund projects, and the extent to which the proposal is economically viable.
3. **Community Need** – based on the extent to which the proposed project addresses a well-defined community need for the housing activity in the target geography based on local demographics, workforce, market and economic factors.

<u>FUNDING PRIORITIES – up to 17 points total</u>

Efficient Use of Resources – up to 4 points total.

1. **Leverage** –2 points based on committed leverage and leverage from an employer, government or philanthropic source.
    a. Total Leverage – 1 point based on the percentage of total committed leverage as compared to the total funds requested.

   b. Diversity of Leverage – 1 point based on whether the proposal has received committed leverage from an employer, government or philanthropic source.
2. **Regulatory Incentive** – 1 point for incorporating costs savings measures through regulatory incentives, such as fast-tracking permitting approvals and waiver of fees, among other incentives.
3. **Impact Fund Subsidy Protection/Long Term Affordability** – 1 point based on the number of years of subsidy protection/long term affordability restrictions such as community land trust, funds recaptured and revolved, or other subsidy protection requirements.

Focus on Households Most Impacted – up to 3 points.

1. **Equitable Access to Homeownership** – 1 point for demonstrating a record of creating equitable access to homeownership on the extent to which the Applicant has served Black, Indigenous and Households of Color and/or persons with disabilities.
2. **Serve Housing Needs Within a Community** – 1 point for incorporating universal design/accessibility features, enabling individuals 62+ years old to age in place or committing to developing large family housing (i.e., homes with four or more bedrooms).
3. **Homeownership or Financial Education and Counseling** – 1 point if applicant requires homebuyers to complete pre-purchase homeownership or financial education or counseling from a qualified provider as appropriate with the activity that will support homeowners to be successful.

Supporting Community and Economic Development – up to 8 points total.

1. **Cooperatively-Developed Plan (CDP)** – 1 point if the proposal addresses priorities or recommendations in a CDP for the community in which the proposed target area is located.
2. **Rural or Tribal Designation** – 1 point based on whether a proposed target area is within a Rural or Tribal designated census tract.
3. **Location Efficiency** – 1 point based on access to fixed transit or dial-a-ride.
4. **Community Recovery** – 1 point based on the extent to which a proposed target area coincides with communities identified as having lower median household income, older housing stock and lower than average increases in home sales prices, including declines.
5. **Workforce Housing** – 1 point based on the extent to which a proposed target area coincides with areas identified as long commute and/or job growth areas.
6. **Workforce Training Programs** – 1 point based on proposals that partner with workforce training programs that will be utilized with proposed developments.
7. **Increase Housing Choice**–1 point based on the extent to which the proposed housing activity that is affordable to eligible low- and moderate-income households is located within higher-income areas.
8. **Business Entities Owned or Led by People of Color, Indigenous Individuals, and/or Women** – 1 point if an owner or executive director of a for-profit or non-profit entity is a person of color, indigenous individual, and/or woman.

Increasing and Maintaining the Supply of Affordable Housing – up to 2 points total.

1. **Efficient Land Use** – 1 point based on the extent to which a proposal maximizes the efficient use of land through higher-density housing development and takes into consideration the following:
    a. Rehabilitation: proposals that increase inventory by converting non-residential buildings into housing or uses existing infrastructure; or
    b. New Construction: proposals that minimize the loss of agricultural land or green space and maximize units per acre.
2. **Advancement of Housing Innovation and Technology** – 1 point for proposals that use innovative construction methods and technology to contain costs (i.e., methods other than site-built), such as volumetric modular, cross-laminated lumber, panelized, robotics and 3D printed methods of development.

MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 3/25/2021

Item: Early Debt Forgiveness, Rental Rehabilitation Deferred Loan Program (RRDL)
- Seaway, D7627, Duluth, MN

Staff Contact(s):
Megan Sanders, 651.297.5142, megan.sanders@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests the board adoption of a resolution authorizing the early forgiveness of the following forgivable loan made to the Housing and Redevelopment Authority of Duluth (Duluth HRA):

- Rental Rehabilitation Deferred Loan (RRDL) that matures on July 1, 2024 with a current loan balance of $1,100,000 (M16710).

Fiscal Impact:
Because the loan was originated as a forgivable loan, there is no fiscal impact if it is forgiven early.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Background
- Resolution

Background:
Seaway, now known as the Esmond Building, is a 70-unit development located in Duluth, MN, once targeted toward hard-to-house individuals with poor rental histories. The now vacant property is currently owned and managed by the Duluth HRA.

Redevelopment of the Esmond Building was structured in three phases:

- **Phase I**: In 2014, Minnesota Housing partnered with Greater Minnesota Housing Fund, the Duluth Economic Development Authority, and the Duluth HRA to bring the building out of its condemned state due to the historic flooding that took place in 2012. The HRA took the lead in purchasing Seaway and became the interim owner of the building.
    - At its meeting on March 27, 2014, the Minnesota Housing board approved $1,100,000 from disaster assistance funds through the 2012 Multifamily Flood Recovery program. These funds were administered through the Agency's Rental Rehabilitation Deferred Loan (RRDL) program.
    - Under the terms of the Multifamily Flood Recovery program, the funds were issued in the form of a 0%, deferred loan, forgivable after 10 years, which would occur in 2024.
    - The intent of the Agency's loan was to remediate the flooding and stabilize housing for the tenants that lived there until new, permanent housing could be constructed.
- **Phase II**: In 2019, new replacement housing was developed on a nearby site – Garfield Square Apartments. Tenants at the Esmond were relocated to Garfield Square Apartments in late 2019, and the Esmond was fully vacated.
- **Phase III** (current phase): The City of Duluth plans to redevelop the Esmond Building as part of the revitalization of the Lincoln Park business district. Merge Urban Development Group, Cedar Falls, IA, has been selected to redevelop the building.
    - The project, as proposed, will demolish the current building with 70 single room occupancy (SRO) units and construct a new building that will continue to provide commercial retail space on the first floor and a proposed 46 units of studio, 1 BR and 2 BR units on the second and third floors.
    - Merge Urban Development Group is partnering with the community and Duluth HRA to help fulfill the city's Opportunity Zone revitalization goals.
    - The Duluth Local Initiatives Support Corporation (LISC) is in support of this project.
    - New financing on the development is anticipated to include Opportunity Zone investment capital, tax-increment financing (TIF) via a newly approved redevelopment district, a new first mortgage, and possibly Community Development Block Grant program funds and/or LISC pre-development funds.
    - The new TIF district will require units to remain affordable at 80% AMI for the term of the TIF loan (26 years).
    - The Lincoln Park neighborhood is one of the most vulnerable in Duluth, with higher unemployment rates and older housing stock. Redevelopment of the Esmond Building is an important component of the neighborhood's revitalization plan.

Staff is requesting debt forgiveness for the following reasons:

- The original loan was a short-term solution to correct the life safety issues at the building and bring it back to code after the flood damage. The original expectations of the loan have been met, and the Esmond residents are now all relocated to Garfield Square Apartments.
- The Agency is currently not benefitting from any affordability since the property is vacant, and no additional affordability would be gained by extending existing restrictions.
- The RRDL loan included in this request had been originally structured to be forgiven upon maturity if no events of default occur. There was no expectation that the loan would be repaid, and the property is not in default.
- Early forgiveness of the debt would help facilitate the City of Duluth's goals for redevelopment of the property and aid the community improvement plan. The Duluth HRA has stated that the impact of early forgiveness "*will allow a new developer to access private capital to transform the corner where the Esmond currently sits*. *The building will be* a *shining star in the transformation of the Lincoln Park neighborhood, and the redevelopment project that started in 2014 to save 70 households from homelessness will finally be able to come to completion*."

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING DEBT FORGIVENESS
RENTAL REHABILITATION DEFERRED LOAN (RRDL)
FOR SEAWAY (D7627)

WHEREAS, Seaway, a multi-unit housing development, was selected to receive RRDL funding on March 27, 2014 by the Minnesota Housing Board; and,

WHEREAS, the Agency subsequently provided an RRDL loan in the amount of $1,100,000; and,

WHEREAS, the loan included in this request was structured to be forgiven upon maturity, if no events of default occurred; and,

WHEREAS, the debt forgiveness is part of a larger stabilization effort and will aid the City of Duluth and the Lincoln Park neighborhood with meeting the goals of their revitalization plan and will provide needed housing in the area.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby approves the following:

1. Early forgiveness of the RRDL loan in the amount of $1,100,000 effective as of the date of this resolution.

Adopted this 25th day of March 2021

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CHAIRMAN

MINNESOTA HOUSING

Board Agenda Item: 7.C
Date: 3/25/2021

Item: Selection and Funding Recommendations: Workforce Housing Development Program

Staff Contact(s):
Sara Bunn, 651.296.9827, sara.bunn@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval and adoption of the attached resolution authorizing the selection and funding of three Workforce Housing Development Program projects for a total amount of $1,869,500.

Fiscal Impact:
The Workforce Housing Development Program is funded by state appropriations; neither grants nor forgivable loans offered under the program earn interest income for the Agency.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Background and Overview
- Selection and Funding Recommendations
- Resolution

Background:
The Workforce Housing Development Program is a competitive funding program that targets small to mid-size communities in Greater Minnesota that have a need for market rate, rental workforce housing. Grants or forgivable deferred loans are available to finance the construction of new residential rental properties in communities with proven job growth and demand for workforce rental housing. While the statute allows mixed-income developments, the program has a statutory preference for projects with the highest percentage of market rate units.

Overview of 2020 RFP:
The Workforce Housing Request for Proposals (RFP) closed on December 17, 2020, and seven communities applied for a total request of $4,293,530. Applications were assessed to determine if they met the following statutory threshold requirements:

- Eligible project area
- Vacancy rate at or below 5%
- Eligible uses
- Committed matching funds of a minimum of $1 for every $2 requested
- Community support as demonstrated by a letter from at least one local employer with a minimum of 20 full-time equivalent employees
- A funding request at or below 25% of total development costs

The applications were reviewed and scored based on six selection categories: leverage; readiness to proceed; market characteristics; community size; feasibility; and project location in an Opportunity Zone. Staff then presented these scores to a selection committee along with a summary of market information, proposed rent and income levels to be served, development team capacity and general underwriting considerations. The selection committee assigned a feasibility score for each project. The scoring percentages used are indicated below.

Category	Percent of Score
Leverage (funding request as a percentage of the total development costs)	28%
Readiness to Proceed (site control, zoning, secured financing)	23%
Market Characteristics (share of all units, number of units)	17%
Community Size (population of project area)	17%
Feasibility (market information, rents and incomes, development team capacity)	12%
Opportunity Zones Incentive (project located in an Opportunity Zone)	3%

Applicants request their preference as to the structure of the award – as a grant or a forgivable deferred loan – based on local needs and the project's funding structure. Market rate rental developments from the cities of Granite Falls and Roseau are recommended for grant funding. The market rate rental development from the city of Eden Valley is recommended for a forgivable deferred loan. Project construction is anticipated to begin within 12 months of contract execution, and construction completion must occur within 24 months of construction start. Monitoring and reporting requirements will apply for a three-year period.

Funding Recommendations:
Seven applicants applied for funding in the 2020 Workforce Housing Development Program RFP: the communities of Delano, Eden Valley, Ellendale, Granite Falls, Leech Lake, Perham and Roseau. Two applicants, Leech Lake and Perham, withdrew their application prior to selections. Staff is recommending for funding three of the five remaining applications, based on highest total scoring projects from the 2020 RFP, for a total award of $1,869,500.

The following table summarizes the final funding requests, funding recommendations, and other pertinent information:

D #	Applicant	Funding Request	Funding Option	Funding Recommendation	Number of Units	Total Development Costs (TDC)
8375	Eden Valley	$417,000	Deferred loan	$329,000	20	$2,615,600
8374	Granite Falls	$99,500	Grant	$99,500	3	$558,500
8373	Roseau	$1,500,000	Grant	$1,441,000	37	$6,210,621
	Total	**$2,016,500**		**$1,869,500**	**60**	**$9,384,721**

Agenda Item: 7.C
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING SELECTIONS FOR THE WORKFORCE HOUSING DEVELOPMENT PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received a state appropriation of funds to support the Workforce Housing Development Program (Program); and

WHEREAS, the Agency has received applications for funds that will be used to build market rate residential rental properties in Greater Minnesota communities with proven job growth and demand for workforce housing; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations, and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.39; and

NOW THEREFORE, BE IT RESOLVED:

That the Minnesota Housing Board hereby authorizes Agency staff to enter into Grant Contract Agreements and Loan Agreements for the Workforce Housing Development Program in the amounts listed below with said applicants, subject to the terms and conditions contained herein:

D #	Applicant	Funding Option	Funding Recommendation
8375	City of Eden Valley	Deferred loan	$329,000
8374	City of Granite Falls	Grant	$99,500
8373	City of Roseau	Grant	$1,441,000
		TOTAL	**$1,869,500**

1. The selections are subject to such terms and conditions as may be deemed necessary through the staff review process and applicant and any other necessary party shall execute a grant or loan contract and related documents in a form acceptable to the Agency.

2. The selections are contingent on sufficient appropriated resources by the legislature under the Workforce Housing Development Program to fully fund the selections.

3. The Commissioner is authorized to approve non-material changes to the selected developments.

Adopted this 25^{th} day of March 2021

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CHAIRMAN

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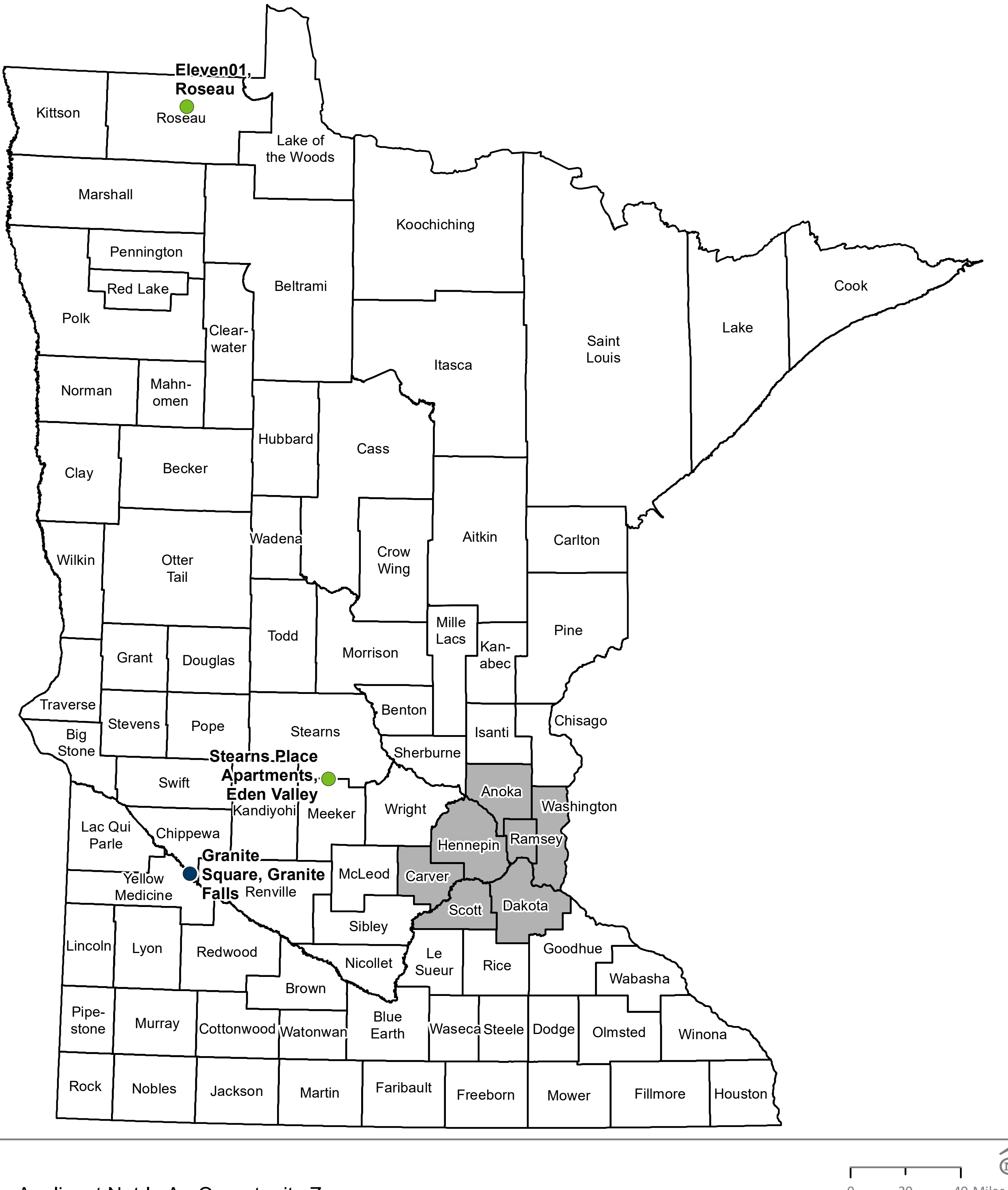
Workforce Housing Development Program Recommended Selections



- Applicant Not In An Opportunity Zone
- Applicant In An Opportunity Zone

MINNESOTA HOUSING

Source: Minnesota Housing. Date: 3/9/2021

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MINNESOTA HOUSING

Board Agenda Item: 7.D
Date: 3/25/2021

Item: 2020 Multifamily Consolidated RFP Housing Infrastructure Bonds (HIB) Advancing Selections – Amortizing and Deferred Loans

Staff Contact(s):

William Price, 651.296.9440, william.price@state.mn.us
Susan Thompson, 651.296.9838, susan.thompson@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:

Staff requests the following approvals related to the 2020 Multifamily Consolidated Request for Proposals (RFP):

- Adoption of a resolution approving the selection of projects for further processing, and the commitment of deferred financing, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources:
  - Housing Infrastructure Bonds (HIB)
  - Flexible Financing for Capital Costs (FFCC)
- Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR), and LMIR Bridge Loan, programs
- Approval of a waiver of the predictive cost model 25% threshold for Garitz Grove

Fiscal Impact:

The Multifamily Consolidated RFP funding recommendations include numerous funding sources, and the fiscal impacts of these selections vary. Generally, deferred financing from state appropriations, federal appropriations, or Pool 3 (FFCC) do not earn interest for the Agency. Bond-financed bridge loans earn spread income and certain fee income for the Agency. LMIR loans from Pool 2 earn interest revenue, without interest expense, as well as certain fee income for the Agency. HIB loans generally do not earn interest income for Agency but do earn certain fee income for the Agency.

Meeting Agency Priorities:

☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☒ Support People Needing Services
☒ Strengthen Communities

Attachment(s):

- Background
- Selection Overview
- Meeting Agency Priorities

- Predictive Cost Model
- Resolutions
- Funding Recommendation Map
- Summaries of Funding Recommendations
    - Consolidated
    - Detailed
    - Strategic Priority
- Development Summaries

BACKGROUND
Minnesota Housing's annual Multifamily Consolidated Request for Proposals (RFP) process allows housing sponsors to apply for resources from the Agency and its funding partners using a common application and procedure to construct and preserve multifamily housing that is affordable.

On December 17, 2020, the Minnesota Housing board selected 24 projects submitted in the 2020 Multifamily Consolidated RFP. The board also advanced eleven projects eligible for loans financed by Housing Infrastructure Bonds (HIB) for initial underwriting and evaluation of project feasibility to determine if those projects should move forward to a formal selection after the additional analysis. Because the new HIB authorization from the Minnesota Legislature came late in October 2020, the majority of HIB-eligible projects submitted in the 2020 Multifamily Consolidated RFP were not able to be included in the Agency's standard RFP review and selection process.

Since the December board meeting, these proposals have been extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with Minnesota Housing's mission and strategic priorities
- Compliance with statutes and program rules
- Consistency with program priorities
- Financial feasibility, market need, architectural quality, and overall development team capacity

Certain developments may be recommended for other funding types in addition to, or in place of, a HIB award. Minnesota Housing also offers amortizing mortgage financing for eligible developments, in addition to other deferred funding subject to availability, on an open pipeline basis throughout the year.

SELECTION OVERVIEW
Minnesota Housing received 35 HIB-eligible applications in the 2020 Multifamily Consolidated RFP requesting over $318 million in deferred funding to create or preserve 2,266 units. The total number of HIB-eligible applications received by geography is outlined in Table 1 below.

Table 1: HIB Eligible Application and Unit Distribution

Geography	Applications and Units			Applications and Units Selected by the board in December			Applications and Units Recommended for Selection		
	Total Apps.	Total Units	% of Total Units	Total Apps.	Total Units	% of Total Units	Total Apps.	Total Units	% of Total Units
Greater Minnesota	14	714	32%	2	59	77%	5	203	33%
Twin Cities Metropolitan Area	21	1,552	68%	1	18	23%	6	412	66%
Statewide	35	2,266	100%	3	77	100%	11	615	100%

Note: The total applications and units also includes three projects to be financed by HIBs that were selected by the Board on December 17, 2020. The eleven projects included in this report are in addition to the three previously selected projects.

Minnesota Housing staff seeks board approval for eleven developments for further processing to allocate various combinations of LMIR bridge and permanent first mortgage financing, HIBs and other deferred loan capital. Of these eleven developments, only ten are recommended for HIB resources. One project, CB Ford Site I, was an HIB-eligible project initially, but is not being recommended for HIB selection because the project gap was addressed by updates to the underwriting, as well as funding selections by other entities. Staff is recommending selecting CB Ford Site I for further processing for a LMIR first mortgage.

Table 2: Funding Type Distribution

Funding Type	Proposals	Totals
LMIR Permanent First Mortgage Financing	4	$25,061,000[1]
LMIR Bridge Loans	4	$34,531,000
Minnesota Housing Deferred Loan Capital	16	$82,331,000

NOTE: Any individual project may be selected for more than one funding type, as well as more than one type of deferred loan funding.

Geographic Distribution

Of the 11 proposals recommended for Minnesota Housing resources, six are in the seven-county Twin Cities metropolitan area, including three in the cities of Minneapolis or St. Paul and three in suburban locations. There are five proposals in Greater Minnesota.

Table 3: Multifamily Consolidated RFP Deferred Loan Investment

Project Location	Minnesota Housing and Funding Partner Applications	Recommended Deferred Loan Amount	Percentage of Total Dollar Amount Recommended
Twin Cities Metropolitan Area	5	$41,028,000	49.8%
Greater Minnesota	5	$41,303,000	50.2%
Total	**10**	**$82,331,000**	**100.0%**

NOTE: One of the 11 developments being recommended for selection in this report, CB Ford Site I is not being recommended for a deferred loan investment and is not included in Table 3.

LMIR Permanent First Mortgage Financing and LMIR Bridge Loans

Four first mortgages are recommended for processing under the Low and Moderate Income Rental (LMIR) program. Projects recommended for LMIR first mortgage selection are anticipated to be funded through Housing Investment Fund – Pool 2 resources or other mortgage capital, and most are anticipated to be insured under the HUD Risk-share Mortgage Insurance Program. The LMIR mortgage terms will generally be a 30 to 40-year amortization with fixed rates and must be in first lien position.

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[1] These totals relate only to the current recommended selections and exclude selections made in December by the board.

Loans processed under HUD's Risk-share Mortgage Insurance Program will include a mortgage insurance premium of 0.125% in addition to the interest charged on the loan.

Four developments are also being recommended for LMIR Bridge Loans. A portion of the bridge loans are anticipated to be funded with the proceeds of short-term tax-exempt bonds issued by the Agency structured to qualify the developments to be eligible for 4% housing tax credits (HTCs). The remaining bridge loans are anticipated to be funded through Housing Investment Fund – Pool 2 resources or other mortgage capital. Some developments may have two bridge loans, one financed by bonds and one funded from Pool 2. The bridge loans generally will have approximately 18-month terms, be in first lien position, and carry a fixed interest rate.

Selections for permanent or bridge LMIR loans through this RFP do not represent commitments for funding. Prior to commitment, board approval will be sought for all LMIR loans in order for projects to enter into loan commitments.

Minnesota Housing Deferred Loan Capital: Housing Infrastructure Bonds

Housing Infrastructure Bonds (HIBs) are limited obligation tax-exempt bonds issued by Minnesota Housing as authorized by under Minnesota Statute 462A.37. Proceeds of HIBs can be used for a number of purposes set out in statute, including financing related to permanent supportive housing for individuals without a permanent residence, including permanent supportive housing for people with behavioral health needs; housing for seniors age 55 and older; and the preservation of federally assisted rental housing.

The availability of HIBs is subject to legislative authorization. Minnesota Housing has received authorization for HIBs (or its predecessor, Non-profit Housing Bonds) in seven legislative sessions beginning in 2012, leading to the construction or preservation of over 3,770 units (inclusive of projects in the pipeline). Selection of the proposed projects is expected to bring the total number of HIB units supported via the HIB legislative authorizations to over 4,300. HIBs are a critical resource as Minnesota Housing seeks to expand affordable housing to meet the need of cost-burdened renters, allowing the housing system to produce and preserve significantly more units than can be produced with HTCs and/or other appropriated sources of deferred funding allocated through the Multifamily Consolidated RFP. HIBs are critical to financing housing for individuals and families with incomes at or below 30% AMI, including people experiencing homelessness.

These 10 projects recommended for selection that include HIB financed deferred loans will provide permanent supportive housing with supportive services, preserve existing federally assisted housing, as well as provide rental housing for seniors ages 55 and older with services that can increase over time to support residents as they age in place. One of the 10 projects will r utilize the specific HIB authorization from the 2018 legislative authorization to serve households with behavioral health needs.

Minnesota Housing Deferred Loan Capital: Other Deferred Loans

Projects recommended for other deferred loans are anticipated to be funded through the Housing Affordability Fund – Pool 3.

The FFCC deferred loans recommended for selection will generally be 30-40 year, deferred loans repayable upon maturity. The average per unit FFCC deferred loan selection is $28,416.

Next Steps
With the board's approval, the 11 developments proposed for selection will receive a notice that they have been selected for additional processing. The developers will work with Minnesota Housing staff, other funding partners, and the local community to finalize project details so that they may close on funding to start construction.

Because of the period between the original application submittals and being able to start construction, it is common for project costs and funding sources to evolve. Projects that are selected for LMIR first mortgages and/or projects using private activity volume limited bonds will return to the Minnesota Housing board for final approvals.

MEETING AGENCY PRIORITIES

Improving the Housing System

Focus on the people and places most impacted.

Minnesota Housing continues to prioritize developing new units affordable to households at or below 30% AMI. The proposed selections include an estimated 280 net new units (63% of total units recommended) with and without rental assistance that will be affordable to Minnesotans at this income level.

Create an Inclusive and Equitable Housing System

Diversify the partners with whom we work.

A focus of the Agency's Strategic Plan is to improve the housing system by partnering with diverse groups of people and incentivizing developments that have Black, Indigenous and People of Color-owned/Women-owned business enterprises (BIPOCBE/WBE) on their development team. This year 85% of all 2020 Multifamily Consolidated RFP applications were awarded points for having BIPOCBE/WBE as part of their development teams, and 82% (9 of 11) of the projects currently recommended for selections received these points.

Preserve and Create Housing Opportunities

Preserve the condition and affordability of existing housing.

There are 90 units (14% of total units recommended) in two projects recommended for board selection that meet the Agency priority of preserving existing rental housing. Investing in these units will address critical capital needs and preserve existing federal assistance at risk of loss.

Increase the development of new housing that is affordable.

In the Twin Cities metropolitan area, selections will increase housing units with 340 of net new housing units created through new construction. The number of units created in Greater Minnesota is 102. Combined, a total of 442 units, or 71% of total units recommended, create new rental homes that are affordable.

Support People Needing Services

Prevent and end homelessness.

If the board approves the recommended selections, a total of 277 units (37% of total units) will directly support the 5,000-unit goal in the Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness, and 48% of these units will serve high priority homeless (HPH) households who are households prioritized for supportive housing by the state's Coordinated Entry (CE) system.

Support people with disabilities.

Selections continue to advance the objectives of Minnesota's Olmstead Plan, with 39 units (6% of total units) specifically set aside to serve people with disabilities.

Support older Minnesotans.

Over the next 17 years, the number of Minnesotans age 65 or older will increase by about 400,000, which will create new housing challenges. Initially, as baby boomers retire, they likely will live independently and age-in place, but as they get older and disabilities increase, the housing demands may become more complex. Minnesota Housing is taking steps to provide older Minnesotans with a range of housing and support options as their needs change. Five recommended developments will provide 300 units (49% of total units) of housing for individuals 55 and older with incomes less than 50% AMI, and 121 units (40% of senior units) will be affordable to seniors at or below 30% metro median incomes.

PREDICTIVE COST MODEL

Minnesota Housing staff analyzes all proposals on a total development cost (TDC) and per unit cost basis using a predictive cost model. Minnesota Housing's research division developed this model as a method to identify proposals having higher than expected costs. The model typically explains 55% to 76% of the variation of TDC, leaving 24-45% of the variation unexplained. To account for this uncertainty, Minnesota Housing instituted a 25% buffer around the predicted costs. With the 25% threshold, staff will, on average, need to conduct further investigation for one out of six proposals. If a project exceeds the predictive cost model estimate by more than 25%, staff will undertake a thorough evaluation of the project's costs along with other development costs in similar geographies for comparable properties. Staff may also include potential mitigation methods. All of this information will then be presented to the board for approval.

Of the 11 projects recommended, one project, Garitz Grove, exceeds the predictive cost model estimate by more than 25% and staff are recommending that the board approve a waiver to the predictive cost model threshold. The proposed TDC per unit is $313,000 and is 39% above the predictive cost model estimate of $224,484. The higher than predicted costs are primarily due to the proportion of the building area being allocated to program space.

Agenda Item: 7.D
Resolutions

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS, AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC).

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations, and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

Property #	Project #	Project Name	Funding Source	Selection Amount
D8210	M18449	Anoka Senior	HIB	$6,347,000
D0534	M18587	Cascade Apartments	HIB	$3,146,000
D8220	M18419	Gardens of Bryn Mawr	HIB	$5,360,000
D02959	M18432	Windwood Townhomes	FFCC HIB	$4,080,000 $10,527,000
D8324	M18498	Nicols Pointe	HIB	$5,000,000
D8336	M18536	Silver Linings	FFCC HIB	$575,000 $6,700,000
D2475	M18481	Kimball Court Renovation and Expansion	FFCC HIB	$1,901,000 $7,902,000
D1899	M18424	Vista 44	FFCC HIB	$400,000 $14,118,000
D8303	M18416	River Heights Apartments	FFCC HIB	$1,680,000 $8,249,000
D8337	M18538	Garitz Grove	FFCC HIB	$315,000 $6,031,000
			Total Selected:	**$82,331,000**

1. Agency staff shall review and approve the mortgagor or grantee; and

2. The issuance of a mortgage loan commitment for all HIB, FFCC, and loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and

3. All selections are subject to available resources and the Commissioner is authorized to approve non-material changes to the selections; and

4. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

5. The sponsor, the builder, the architect, the mortgagor, and any other parties that Agency staff, in its sole discretion deems necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as the Commissioner or their designee, in their sole discretion, deems necessary.

6. A waiver of the predictive cost model 25% threshold is granted for Garitz Grove.

Adopted this 25th day of March 2021

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CHAIRMAN

Agenda Item: 7.D
Resolutions

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING SELECTIONS OF LOW AND MODERATE INCOME RENTAL (LMIR) AND THE LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIR BL) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions, and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby selects the below referenced developments for further processing under the LMIR and LMIR Bridge Loan programs:

Property #	Project #	Project Name	Funding Source	Selection Amount
D8210	M18449	Anoka Senior	LMIR LMIR BL	$5,720,000 $9,440,000
D8319	M18482	CB Ford Site I	LMIR LMIR BL	$10,082,000 $11,396,000
D0534	M18587	Cascade Apartments	LMIR BL	$1,075,000
D8220	M18419	Gardens of Bryn Mawr	LMIR LMIR BL	$8,658,000 $12,620,000
D02959	M18432	Windwood Townhomes	LMIR	$601,000
			Total Selected:	**$59,592,000**

Adopted this 25th day of March 2021

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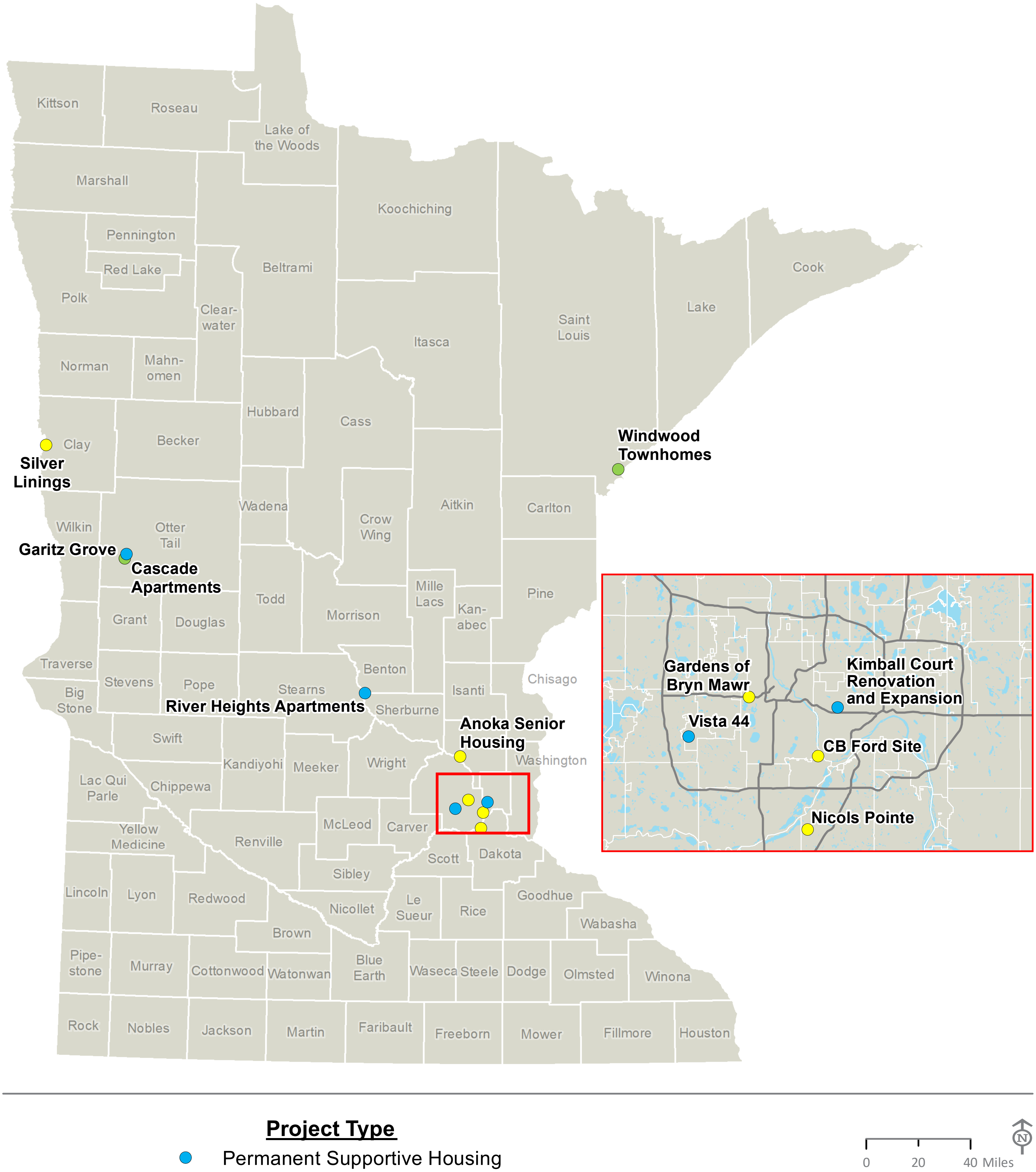
CHAIRMAN

HIB-Advanced Projects Recommended For Selection



Project Type

- Permanent Supportive Housing
- Senior
- Preservation

MINNESOTA HOUSING

Source: Minnesota Housing. Date: 3/1/2021

2020 Minnesota Housing Multifamily Funding Selections - Consolidated

Project Name	City	Developer	Total Units	Total Affordable Units	LMIR 1st Mortgage	LMIR Bridge Loan	Agency Deferred Total	Estimated Syndication Proceeds from Housing Tax Credits *	Total Development Cost $ *
Greater Minnesota									
Central									
River Heights Apartments	St. Cloud	Center City Housing Corp	40	40			$9,929,000		$10,129,000
Northeast									
Windwood Townhomes	Duluth	Center City Housing Corp.	67	67	$601,000		$14,607,000		$15,795,000
West Central									
Garitz Grove	Fergus Falls	Fergus Falls Housing and Redevelopment Authority	24	24			$6,346,000		$7,502,000
Cascade Apartments	Fergus Falls	D. W. Jones, Inc.	36	35		$1,075,000	$3,146,000	$2,116,000	$5,517,000
Silver Linings	Moorhead	Churches United for the Homeless	36	36			$7,275,000		$7,678,000
Greater Minnesota Totals			**203**	**202**	**$601,000**	**$1,075,000**	**$41,303,000**	**$2,116,000**	**$46,621,000**

Project Name	City	Developer	Total Units	Total Affordable Units	LMIR 1st Mortgage	LMIR Bridge Loan	Agency Deferred Total	Estimated Syndication Proceeds from Housing Tax Credits *	Total Development Cost $ *
Metro									
Minneapolis									
Gardens of Bryn Mawr	Minneapolis	Lupe Development Partners, LLC	100	100	$8,658,000	$12,620,000	$5,360,000	$7,768,000	$26,233,000
Saint Paul									
CB Ford Site I	St. Paul	CommonBond Communities	60	60	$10,082,000	$11,396,000		$6,016,000	$20,855,000
Kimball Court Renovation and Expansion	St. Paul	Beacon Interfaith Housing Collaborative	98	98			$9,803,000		$10,709,000
Suburban									
Nicols Pointe	Eagan	Dakota County Community Development Agency	24	24			$5,000,000		$7,268,000
Vista 44	Hopkins	Beacon Interfaith Housing Collaborative	50	50			$14,518,000		$18,259,000
Anoka Senior	Anoka	Volunteers of America National Services	80	80	$5,720,000	$9,440,000	$6,347,000	$7,106,000	$22,402,000
Metro Totals			**412**	**412**	**$24,460,000**	**$33,456,000**	**$41,028,000**	**$20,890,000**	**$105,726,000**
State Totals			**615**	**614**	**$25,061,000**	**$34,531,000**	**$82,331,000**	**$23,006,000**	**$152,347,000**

*Rounded

2020 Minnesota Housing Multifamily Funding Selections - Detailed

Project Name	City	Developer	Total Units	Total Affordable Units	LMIR 1st Mortgage	LMIR BL	Flexible Financing Cap Cost	Hsg Infrastructure Bonds Senior	Hsg Infrastructure Bonds SH Homeless	Hsg Infrastructure Bonds Behavioral Health	Hsg Infrastructure Bonds Preservation	PARIF	HOME MF	EDHC MF	NHTF-National HTF-Capital	Annual Housing Tax Credits 9%	Annual Housing Tax Credits 4%
Greater Minnesota																	
Central																	
River Heights Apartments	St. Cloud	Center City Housing Corp	40	40			$1,680,000		$3,734,000	$4,515,000							
Northeast																	
Windwood Townhomes	Duluth	Center City Housing Corp.	67	67	$601,000		$4,080,000				$10,527,000						
West Central																	
Garitz Grove	Fergus Falls	Fergus Falls Housing and Redevelopment Authority	24	24			$315,000		$6,031,000								
Cascade Apartments	Fergus Falls	D. W. Jones, Inc.	36	35		$1,075,000					$3,146,000						$246,513
Silver Linings	Moorhead	Churches United for the Homeless	36	36			$575,000	$6,700,000									
Greater Minnesota Totals			**203**	**202**	**$601,000**	**$1,075,000**	**$6,650,000**	**$6,700,000**	**$9,765,000**	**$4,515,000**	**$13,673,000**						**$246,513**

Project Name	City	Developer	Total Units	Total Affordable Units	LMIR 1st Mortgage	LMIR BL	Flexible Financing Cap Cost	Hsg Infrastructure Bonds Senior	Hsg Infrastructure Bonds SH Homeless	Hsg Infrastructure Bonds Behavioral Health	Hsg Infrastructure Bonds Preservation	PARIF	HOME MF	EDHC MF	NHTF-National HTF-Capital	Annual Housing Tax Credits 9%	Annual Housing Tax Credits 4%
Metro																	
Minneapolis																	
Gardens of Bryn Mawr	Minneapolis	Lupe Development Partners, LLC	100	100	$8,658,000	$12,620,000		$5,360,000									$913,975
Saint Paul																	
CB Ford Site I	St. Paul	CommonBond Communities	60	60	$10,082,000	$11,396,000											$646,920
Kimball Court Renovation and Expansion	St. Paul	Beacon Interfaith Housing Collaborative	98	98			$1,901,000		$7,902,000								
Suburban																	
Nicols Pointe	Eagan	Dakota County Community Development Agency	24	24				$5,000,000									
Vista 44	Hopkins	Beacon Interfaith Housing Collaborative	50	50			$400,000		$14,118,000								
Anoka Senior	Anoka	Volunteers of America National Services	80	80	$5,720,000	$9,440,000		$6,347,000									$810,752
Metro Totals			**412**	**412**	**$24,460,000**	**$33,456,000**	**$2,301,000**	**$16,707,000**	**$22,020,000**								**$2,371,647**
State Totals			**615**	**614**	**$25,061,000**	**$34,531,000**	**$8,951,000**	**$23,407,000**	**$31,785,000**	**$4,515,000**	**$13,673,000**						**$2,618,160**

2020 Minnesota Housing Multifamily HIB Advancing Selections - Priorities

Project Name	City	Developer	Total Units	Total Affordable Units	Federally Assisted Housing Units	Preservation Federally Assisted Units	Preservation Other/Non- Federally Assisted Units	New Construction Affordable Units	High Priority Homeless Units	People with Disabilities Units	Total PSH Units*	HIB Senior Units	HIB Senior - 30% Income Units
Greater Minnesota													
Central													
River Heights	St. Cloud	Center City Housing Corp	40	40				40	7	6	40		
Northeast													
Windwood Townhomes	Duluth	Center City Housing Corp.	67	67	55	55	10	2	4	4	8		
West Central													
Garitz Grove	Fergus Falls	Fergus Falls Housing and Redevelopment Authority	24	24				24	7	6	24		
Cascade Apartments	Fergus Falls	D. W. Jones, Inc.	36	35	35	35							
Silver Linings	Moorhead	Churches United for the Homeless	36	36				36	20		36	36	19
Greater Minnesota Totals			**203**	**202**	**90**	**90**	**10**	**102**	**38**	**16**	**108**	**36**	**19**
Project Name	**City**	**Developer**	**Total Units**	**Total Affordable Units**	**Federally Assisted Housing Units**	**Preservation Federally Assisted Units**	**Preservation Other/Non- Federally Assisted Units**	**New Construction Affordable Units**	**High Priority Homeless Units**	**People with Disabilities Units**	**Total PSH Units***	**HIB Senior**	**HIB Senior - 30% Income Units**
Metro													
Minneapolis													
Gardens of Bryn Mawr	Minneapolis	Lupe Development Partners, LLC	100	100				100	6		6	100	10
Saint Paul													
CB Ford Site I	Saint Paul	CommonBond Communities	60	60				60	7		7	60	60
Kimball Court Renovation and Expansion	Saint Paul	Beacon Interfaith Housing Collaborative	98	98			72	26	49	15	98		
Suburban													
Nicols Pointe	Eagan	Dakota County Community Development Agency	24	24				24				24	24
Vista 44	Hopkins	Beacon Interfaith Housing Collaborative	50	50				50	25	8	50		
Anoka Senior Housing	Anoka	Volunteers of America National Services	80	80				80	8		8	80	8
Metro Totals			**412**	**412**	**0**	**0**	**72**	**340**	**95**	**23**	**169**	**264**	**102**
State Totals			**615**	**614**	**90**	**90**	**82**	**442**	**133**	**39**	**277**	**300**	**121**

*Total PSH Units could include Permanent Supportive Housing units above and beyond the High Priority Homeless (HPH) and People with Disabilities (PWD) units claimed for scoring purposes

MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

River Heights Apartments

Developer	Center City Housing Corp.
Location	St. Cloud
Property Number (D#)	D8303
Project Number	M18416

Project Description

River Heights Apartments is a 40 unit permanent supportive housing development located in Saint Cloud. The project will serve single adults with severe and persistent mental illness and substance use disorders. The project is fully assisted with Housing Support assistance and will serve individuals referred through coordinated entry as well as mental and chemical health treatment institutions, hospitals and related service providers. Center City Housing Corporation, the project sponsor owns and operates the adjacent River Crest Apartments which provides singe-room occupancy housing with meals provided. The close proximity of these housing types will allow for efficiencies for both property management and supportive services. River Heights will provide a more independent living setting, that will expand options available on the continuum of supportive housing options.

Project Cost Information

• Total development costs are proposed at $253,000 per unit, which is about 14% over the predictive cost model estimate of $222,000 per unit. Project costs include state prevailing wage requirements.
• The project did not receive points for cost containment.

Populations Served

• The development will provide 40 units of permanent supportive housing for single adults.
• All 40 one-bedroom units will benefit from Housing Support income supplement.
• All 40 households will serve single adults with behavioral health needs who are also homeless which may include leaving an institution of care. 7 units will serve high priority homeless and 6 units will serve people with disabilities.
• The households will have incomes at or below 30-60% MTSP.
• 21 units will be deeply affordable to households at 30% of MTSP.

Capital Sources of Funding

Name of Source	Award Amount
Flexible Financing Cap Costs (FFCC)	$1,680,000
Housing Infrastructure Bonds (HIB)	$8,249,000
Energy Rebates	$8,240
Sales Tax Rebate	$191,610
Total Permanent Financing	$10,128,850
FUNDING GAP REMAINING	$0

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Windwood Townhomes

Developer	Center City Housing Corp.
Location	Duluth
Property Number (D#)	D2959
Project Number	M18432

Project Description

Windwood Townhomes is the renovation and preservation of a partial Section 8 development at risk of loss due to critical physical needs. Rehab will address the development's many critical needs along with original design flaws that have led to management problems over the years, primarily that individual units are currently connected through attics and crawl spaces, causing safety and security issues for residents along with difficulties for local law enforcement.

The scope of work includes the demolition of units, the reconfiguration of units, the construction of 2 new single level accessible units and a new community service building, and overall unit upgrades. The rehabilitation of the development is needed to stabilize the property by fixing design flaws and high density issues, bringing security and maintenance expenses down, reducing the development's historically high vacancy rates, and improving the development's reputation, which has suffered due to high drug trafficking and crime rates at the property.

Project Cost Information

- TDC of $235,800 per unit is 24% over the predictive model estimate of $191,100. Project costs include state prevailing wage requirements.
- The development did not receive points for cost containment.

Populations Served

- Units will serve households at incomes between 50% and 80% MTSP
- 4 units will set aside for People with Disabilities and will be deeply affordable at 30% MTSP.
- 4 units will be set aside for High Priority Homeless (single individuals) and will benefit from Housing Support.
- 21 units will continue to benefit from project-based Section 8.

Capital Sources of Funding

Name of Source	Award Amount
Flexible Financing Cap Costs (FFCC)	$4,080,000
Housing Infrastructure Bonds (HIB)	$10,527,000
Existing Replacement Reserves	$77,091
Existing Operating Reserves	$86,635
Minnesota Housing First Mortgage	$601,000
Existing Residual Residual Receipts	$38,045
Energy Rebates	$3,800
Sales Tax Rebate	$381,402
Total Permanent Financing	$15,794,973
FUNDING GAP REMAINING	$0

MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Garitz Grove

Developer	Beyond Shelter, Inc.
Location	Fergus Falls
Property Number (D#)	D8337
Project Number	M18538

Project Description

Garitz Grove is a new construction, 3-story elevator building with 24 1-bedroom units proposed by the Fergus Falls HRA. It will be a 100% permanent supportive housing development constructed on approximately 3 acres of vacant land adjacent to the existing Fergus Falls/Otter Tail County HRA office. The first floor will be dedicated to offices for service providers and property management, a community room with a kitchen, a food pantry, computer lab, and fitness room. The site to be developed is currently owned by the Fergus Falls HRA and will be ground leased to the owner, a newly formed entity controlled by the Fergus Falls HRA.

Project Cost Information

- TDC of $312,600 per unit is 39% over the predictive model estimate of $224,500 per unit. Project costs include state prevailing wage requirements.
- The development did not receive points for cost containment.

Populations Served

- The development will provide 24 permanent supportive housing units
- 7 units will serve high priority homeless (single adults)
- 17 units will serve other homeless households, 6 of which will also be restricted to people with disabilities
- Units will serve households with incomes at or below 50% MTSP
- 13 units will be deeply affordable to households at 30% MTSP
- All 24 units will benefit from housing support

Capital Sources of Funding

Name of Source	Award Amount
Flexible Financing Cap Costs (FFCC)	$315,000
Housing Infrastructure Bonds (HIB)	$6,031,000
FHLB AHP	$1,000,000
Energy Rebates	$3,000
Sales Tax Rebate	$152,714
Total Permanent Financing	$7,501,714
FUNDING GAP REMAINING	$0

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Cascade Apartments

Developer	D. W. Jones, Inc.
Location	Fergus Falls
Property Number (D#)	D0534
Project Number	M18587

Project Description

Cascade Apartments is renovation and preservation of a 100% project based Section 8 development at risk of loss due to critical physical needs. Cascade Apartments is a 7-building apartment / townhome complex providing thirty-six (36) units of affordable housing located in Fergus Falls and owned by D.W. Jones. Cascade Apartments was built in 1978 and is in critical need of ADA compliance, energy efficient upgrades and site improvements.

Project Cost Information

- TDC of $153,300 per unit is 11% under the predictive model estimate of $172,400. State prevailing wage requirements do not apply.
- The development received points for cost containment.

Populations Served

- Cascade Apartments will continue to target families with children, single headed household with children, and physically disabled households. One two-bedroom unit is handicapped accessible.
- All 36 units will benefit from project-based Section 8
- 35 tax credit units will be restricted to households with incomes at or below 60% MTSP
- There will be one caretaker unit.

Capital Sources of Funding

Name of Source	Award Amount
Existing MHFA 2nd Mtg	$109,928
Residual Receipts from tranfer	$115,307
Operating Reserves from transfer	$1,641
Replacement Reserves from transfer	$24,390
Energy Rebates	$3,688
Syndication Proceeds	$2,116,223
Housing Infrastructure Bonds (HIB)	$3,146,000
Total Permanent Financing	$5,517,177
FUNDING GAP REMAINING	$0

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Silver Linings

Developer	Beyond Shelter, Inc.
Location	Moorhead
Property Number (D#)	D8336
Project Number	M18536

Project Description

Silver Linings is a new construction mixed income development in Moorhead being proposed by Churches United for the Homeless (CUFH). Its 36 units will provide senior general occupancy housing units and serve households with 28 units set aside for households at or below 30% MTSP.

The Silver Linings will be located at 3350 3rd Ave N., Moorhead, MN on land currently owned by CUFH. This three-story new construction development will include 36 apartments, including two eight unit “pods” featuring one-bedroom apartments surrounding a shared community space, and 20 one-bedroom units, all fully furnished.

The building will include laundry rooms on each floor. Office space for management and service providers are available on the first floor. Other community space for the residents consist of Food Pantry, Library, Computer Lab, Community Room, Activity Room, and Lounge.
CUFH will provide core services to all tenants and coordinate with other community providers to bring additional services to stabilize their housing and help age in place.

Churches United (CUFH) and Beyond Shelter, Inc. (BSI) intend to jointly form a new entity for the Project (the"Developer"), in which BSI shall have an 80 percent interest and in which Churches United shall have a 20 percent interest.

Project Cost Information

TDC per unit of $213,264 is 23% below the $276,880 predictive model estimate. Project costs include state prevailing wage requirements.

The development did not receive points for cost containment.

Populations Served

The development will be a 100% seniors aged (55 and older) who are or are facing homelessness project. This population will also include veterans and special populations.

20 units will serve high priority homeless (single adults);
All units will serve households with incomes at or below 50% MTSP
19 units will be deeply affordable to households at 30% MTSP
20 units will benefit from housing support and 5 VASH vouchers.

Capital Sources of Funding

Name of Source	Award Amount
Churches United Loan	$250,000
Flexible Financing Cap Costs (FFCC)	$575,000
Housing Infrastructure Bonds (HIB)	$6,700,000
Energy Rebates	$9,000
Sales Tax Rebate	$143,507
Total Permanent Financing	$7,677,507

MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Gardens of Bryn Mawr

Developer	Bryn Mawr Development, LLC
Location	Minneapolis
Property Number (D#)	D8220
Project Number	M18419

Project Description

The development involves the new construction of a 100-unit development in city of Minneapolis proposed by Lupe Development Partners. It is a 6-story elevator building with 80 one-bedroom, and 20 two-bedroom units. All of the housing units will have rents at or below the 50% MTSP rent limits and ten (10) units will be further restricted and affordable to households at 30% of MTSP.

The project will have one level of below grade parking and common element function on the ground floor (community room, business center, fitness, bike repair, dog wash, HourCar), and residential units on floors one through six. The development includes substantial storm-water management infrastructure, with a green roof on the upper roof.

The planned 100 units of affordable senior housing in the Bryn Mawr neighborhood of Minneapolis is part of a coordinated senior campus offering market-rate independent living as well as assisted and memory care options. This community is home to an aging homeowner demographic, looking to stay in the neighborhood but downsizing their living style. The site is currently home to the old Qwest/Century Link training and office facility, located at 2800 Wayzata Blvd. The proposed transit-oriented development will intensify land use by converting a surface parking lot for a vacant office building to high-density affordable housing, while creating pedestrian and bicycle- focused connection to existing nearby amenities, such as the Theodore Wirth Regional Park. Additionally, the project is located approximately 1/2 mile from the planned Bryn Mawr Station on the South West LRT Green Line.

Project Cost Information

TDC per unit of $262,328 is 18% below the $320,953 predictive model estimate. Project costs include state prevailing wage requirements.

The development received points for cost containment.

Populations Served

The development will be a 100% senior housing. All units will be restricted and affordable to households aged 55 and older. The households will have incomes at or below 30% and 60% MTSP.

- 6 units will serve High Priority Homeless individuals who will benefit from Housing Support rental assistance from Simpson Housing.
- 4 additional units will be set aside for Hennepin County Social Services clients with rents and incomes restricted at 30% MTSP.

Capital Sources of Funding

Name of Source	Award Amount
Housing Infrastructure Bonds (HIB)	$5,360,000
Met Council LCDA	$1,500,000
Hennepin County AHIF	$600,000
Minnesota Housing First Mortgage	$8,658,000

Minneapolis AHTF	$2,000,000
Energy Rebates	$35,000
Syndication Proceeds	$7,768,019
Deferred Developer Fee	$311,919
Total Permanent Financing	$26,232,938
FUNDING GAP REMAINING	$0

MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

CB Ford Site I

Developer	CommonBond Communities
Location	St. Paul
Property Number (D#)	D8319
Project Number	M18482

Project Description

The proposed CB Ford Site I is a five story, 60 unit new construction senior building to be developed by CommonBond. The property will be located at the future corner of Cretin and Bohland, and will be immediately south of a new construction mixed use development that includes a grocery store on the first floor. Seven of the units will be set aside for High Priority Homeless (HPH). This development is one piece of the expansive master planned community of the Ford Site. Residents will have access to many amenities within walking distance of the building, including 55+ acres of parks and recreational areas, efficient mass transit and numerous shopping, dining, and retail amenities. The units will be deeply affordable at 30% MTSP and some units will offer rental assistance from St. Paul HRA project based vouchers.

Project Cost Information

- The proposed TDC is $314,348. Project costs include state prevailing wage requirements. The proposed TDC is above the Predictive Cost Model by 0.62% which does take into consideration prevailing wages. Project sources currently show a surplus; however, the project is not receiving any deferred loans from Minnesota Housing and other funds may adjust sources based on final project costs.
- The project did not receive cost containment points.

Populations Served

- The proposed CB Ford Site will be a new construction 60-unit development for senior residents and will provide seven (7) units set aside for HPH.
- All units in the building will be deeply affordable at 30% MTSP

Name of Source	Award Amount
Minnesota Housing First Mortgage	$10,082,000
Ramsey County	$4,500,000
Energy Rebates	$14,772
Sales Tax Rebate	$242,500
Syndication Proceeds	$6,015,754
Total Permanent Financing	$20,855,026
FUNDING GAP REMAINING	($1,994,124)

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Kimball Court Renovation and Expansion

Developer	Beacon Interfaith Housing Collaborative
Location	Saint Paul
Property Number (D#)	D2475
Project Number	M18481

Project Description

Kimball Court Renovation and Expansion is an acquisition, renovation and new construction of a permanent supportive housing development in the Midway area of St. Paul being proposed by Beacon Interfaith Housing Collaborative (Beacon). Beacon purchased the existing 76 permanent supportive housing development 10 years ago has been operating it as Single Room Occupancy (SRO) housing for homeless and very low-income single adults. Along with renovation of the existing building, Beacon is now also acquiring the adjacent commercial property. They will be demolishing the commercial building on the adjacent lot and then constructing a new addition. An accessible entry and front desk will be located at the connection between the existing building and the addition. With the addition, the total units at the development will increase from 76 to 98.

Project Cost Information

- TDC of $109,000 per unit is 31% below the predictive model estimate of $159,000 per unit. The proposal includes 22 new construction units and includes state prevailing wage requirements.
- The development received points for cost containment.

Populations Served

- The development will provide 98 permanent supportive housing units.
- 49 units will serve high priority homeless (single adults)
- 49 units will serve other homeless households,15 of which will also be restricted to people with disabilities
- Units will serve households with incomes at or below 50% MTSP
- 30 units will be deeply affordable to households at 30% MTSP
- 24 units will have project-based Section 8
- The project commits to providing 23 units with housing support. It is Beacon's intention to ultimately have all 74 non-Section 8 units benefiting from housing support. Units will be converted upon tenant rollover.

Capital Sources of Funding

Name of Source	Award Amount
City of St Paul	$800,000
Flexible Financing Cap Costs (FFCC)	$1,901,000
Housing Infrastructure Bonds (HIB)	$7,902,000
Energy Rebates	$8,000
Sales Tax Rebate	$90,750
General Partner Cash	$7,101
Total Permanent Financing FUNDING GAP	$10,708,851
REMAINING	$0

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Nicols Pointe

Developer	Dakota County Community Development Agency
Location	Eagan
Property Number (D#)	D8324
Project Number	M18498

Project Description

Nicols Pointe is a new construction development in Eagan being proposed by Dakota County CDA. All units will be restricted and affordable to households aged 55 and older whose income is no greater than 30% MTSP, with a preference for veterans.
Nicols Pointe will be located at Cedar Grove Parkway& Nicols Rd, Eagan, MN on land currently owned by Dakota County CDA. This three-story new construction development will include 24 one-bedroom units on two floors above a ground floor of structured parking and common spaces. Office space for management and service providers are available on the first floor.

The CDA will provide a part-time service resource coordinator to connect residents with resources that enable independent living upon initial occupancy and as residents age in place, including a coordinator experienced in serving veterans and homeless veterans. The CDA will draw from the state homeless veterans registry to fill vacancies as feasible. Providing rents affordable to households at 30% MTSP will be feasible due to ongoing operating funds provided through the Dakota County CDA's annual levy. The Dakota County CDA has committed to provide this ongoing operating support for the full 30-year duration of the Housing Infrastructure Bonds funding sources.

Project Cost Information

Cost Reasonableness
TDC per unit of $302,833 is 10% above the $275,479 predictive model estimate. Project costs include state prevailing wage requirements.

The development did not receive points for cost containment.

Populations Served

The development will be a 100% senior housing. All units will be restricted and affordable to households aged 55 and older whose income is no greater than 30% MTSP, with a preference for veterans. All units will benefit from operating subsidies through Dakota County CDA Levy Funds for 30 years.

Capital Sources of Funding

Name of Source	Award Amount
City of Eagan Multifamily Funds	$300,000
CDA Levy Funds for Operating Reserve	$105,000
CDA TIF 13 Pooled Funds	$170,000
CDA HOME	$575,000
CDA HOPE	$720,000
Housing Infrastructure Bonds (HIB)	$5,000,000
Sales Tax Rebate	$108,000
General Partner Cash	$290,000
Total Permanent Financing	$7,268,000

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Vista 44

Developer	Beacon Interfaith Housing Collaborative
Location	Hopkins
Property Number (D#)	D8199
Project Number	M18424

Project Description

Vista 44 is a 50 unit, new construction, permanent supportive housing development located in Hopkins. The project is largely designed to serve families with children as the majority of units have larger bedroom counts including: 3 one-bedroom, 32 two-bedroom and 15 three-bedroom units. The project has a commitment from Metro HRA to project-base Section 8 vouchers for all 50 units, so all units will have rental assistance, deepening the affordability to all tenants. Half of the units will serve high priority homeless referred through coordinated entry. The project Sponsor, Beacon Interfaith Housing Collaborative is also in conversations with Hennepin County to serve Child Welfare Services involved families. Volunteers of America will provide services on-site for tenants.

Project Cost Information

- Total development costs are proposed at $365,000 per unit, which is about 8% over the predictive cost model estimate of $338,000 per unit. Project costs include state prevailing wage requirements.
- The project did not receive points for cost containment.

Populations Served

- The development will provide 50 units of permanent supportive housing for families with children.
- All 50 units will benefit from project based Section 8 rental assistance through Metro HRA.
- 25 units will serve high priority homeless households and 25 units will serve other homeless households. 8 of the other homeless units will also serve people with disabilities.
- All 50 households will have incomes at or below 30-50% MTSP.
- 33 units will be deeply affordable to households at 30% MTSP.

Capital Sources of Funding

Name of Source	Award Amount
Hennepin County Environmental Response Fun	$25,000
Metropolitan Council TBRA	$172,300
Beacon Interfaith Housing Collaborative	$300,000
Metropolitan Council LCDA/LCDA-TOD	$1,500,000
Hennepin County TOD	$150,000
Hennepin County HOME	$1,323,300
Energy Rebates	$20,000
Sales Tax Rebate	$250,000
Flexible Financing Cap Costs (FFCC)	$400,000
Housing Infrastructure Bonds (HIB)	$14,118,000
Total Permanent Financing	$18,258,600
FUNDING GAP REMAINING	$0

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MINNESOTA HOUSING

Development Summary

Selected Applications: March 25, 2021

Anoka Senior Housing

Developer	Volunteers of America National Services
Location	Anoka
Property Number (D#)	D8210
Project Number	M18449

Project Description

The development involves the new construction of an 80-unit development in city of Anoka proposed by Volunteers of America (VOA). It is a 3-story elevator building with 58 one-bedroom, and 22 two-bedroom. 42 units will have income/rent limits set at 50%/50% MTSP; eight (8) will have income/rents set at 50%/30%: and the remaining 30 units will have income/rents set at 60%/60% MTSP. The eight (8) 30% MTSP units will be reserved for homeless senior veterans. VOA has a current commitment of rental subsidy for 10 units through the HUD 202 program.

The proposed development site is a vacant portion of land next to The Homestead at Anoka ("The Homestead"), a VOA-owned and operated senior living facility. Anoka Senior will be built in a V-shape oriented towards Grant Street and 5th Avenue, encouraging more pedestrian activity. The colors and pattern will match the surrounding VOA housing on campus and blend with the surrounding neighborhood. Surface and underground parking will be available to tenants and guests. The building will include one elevator.

Anoka Senior Housing is located within ¼ mile of the Anoka Station of the Northstar Metro Transit Line. This commuter train connects the site with downtown Minneapolis. In addition, a stop for the 805 Local Bus Route is within one block, providing access to the government center and other amenities in Coon Rapids and Blaine.

Project Cost Information

TDC per unit of $280,024 is 1% above the $277,866 predictive model estimate. Project costs include state prevailing wage requirements.

The development received points for cost containment.

Populations Served

The development will be a 100% senior housing. All units will be restricted and affordable to households aged 55 and older and residents will be connected with necessary services to maintain independence as long as possible
- 8 (6 one-bedroom and 2 two-bedroom) units for High Priority Homeless Single Adults at 30% MTSP - the intended population includes senior veterans through Coordinated Entry.
- 10 (one-bedroom) PRAC units at 50% MTSP.
- 22 (32 one-bedroom and 8 two-bedroom) units at 50% MTSP.
- 40 (10 one-bedroom and 12 two-bedroom) units at 60% MTSP.

The HUD 202 Project Rental Assistance Contract (PRAC) ensures that a minimum of ten units will be deeply affordable for the elderly, age 55+. This is a project based voucher rental assistance.

Capital Sources of Funding

Name of Source	Award Amount
Capital Magnet Funds (VOA National)	$500,000
HUD NOFA (VOA) Section 202	$2,000,000
Minnesota Housing First Mortgage	$5,720,000
Housing Infrastucture Bonds (HIB)	$6,347,000

Energy Rebates	$35,000
Sales Tax Rebate	$422,760
Syndication Proceeds	$7,106,046
Deferred Developer Fee	$151,096
General Partner Cash	$120,000
Total Permanent Financing	$22,401,902
FUNDING GAP REMAINING	$0

MINNESOTA HOUSING

Board Agenda Item: 7.E
Date: 3/25/2020

Item: Selection and Commitment, Low and Moderate Income Rental Loan (LMIR)
- BROWNstone, D7722, St. Paul, MN

Staff Contact(s):
Caryn Polito, 651.297.3123, caryn.polito@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:

Agency staff completed the underwriting and technical review of the proposed development and recommends the development for selection and adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $1,425,000.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the loan without incurring financing expenses. The loan will generate additional fee income.

Meeting Agency Priorities:

☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachments:
- Development Summary
- Resolution
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	BROWNstone		**D#** 7722	**M#** 18682
Address	839 University Ave West			
City	St. Paul	**County**	Ramsey	
Date of Selection	3/25/2021	**Region**	Metro	

A. Project Description and Population Served

- The development involves the refinance of 35 units in one, four-story elevator building with units ranging from one to two bedrooms.
- The apartment building was built in 2017 and is located at the Victoria Street Station on the Green Line light rail transit (LRT).
- The development provides general occupancy/workforce housing for individuals and families.
- The development serves households with incomes at or below 60% multifamily tax subsidy projects (MTSP).
- BROWNstone currently has a first mortgage with Old National Bank fka Anchor Bank with a 5.25% interest rate, a Minnesota Housing Economic Development and Housing Challenge (EDHC) deferred loan, and several deferred loans from the St. Paul Housing and Redevelopment Authority (HRA).
- The City of St. Paul is the tax credit suballocator for the 4% tax credits and was the bond issuer.
- The tax credit syndicator is Midwest Housing Equity Group (MHEG). MHEG provided consent to proceed with the refinance.
- There are no units restricted to 30% MTSP.
- There is no project-based rental assistance; however, 25 of the 35 households are currently assisted by tenant-based Section 8 vouchers.
- The building has commercial space, which is owned separately and is not part of this transaction. The sponsor organization, Model Cities, has its offices in this building.
- Model Cities, a 501(c)(3) nonprofit organization, has been developing and operating affordable housing in the Frogtown/Rondo neighborhoods since the mid-1980s. These neighborhoods, some of lowest incomes in the metro area, lack safe, well-managed housing at affordable rents. The issue is particularly acute in the last few years as absentee landlords have moved in and begun to increase rents. Model Cities is one of the few community-based housing providers in the neighborhood and is committed to serving the families that continue to live and work in Frogtown.

B. Mortgagor Information

Ownership Entity:	Model Cities BROWNstone Limited Partnership
Sponsor:	Model Cities of St. Paul, Inc.
General Partner(s)/ Principal(s):	Model Cities BROWNstone, LLC
Guarantor(s):	Model Cities of St. Paul, Inc.

C. Development Team Capacity Review

Model Cities of St. Paul, Inc. is a 501(c)(3) nonprofit organization and was established in 1991. The sponsor has developed or rehabilitated over 96 units of housing and four commercial buildings of similar size and scope to the proposed development. The sponsor has the experience and capacity to complete the refinance transaction.

Sand Property Management, LLC was established in 2011. They are a subsidiary of Sand Companies, Inc., who has been managing properties since 1996. They currently have 38 developments, with a total of 1,666 units. The management company has the capacity to manage this development.

The property management company represents a Black, Indigenous, and People of Color-owned/Women-owned business enterprise (BIPOCBE/WBE).

D. Current Funding Request

Loan Type	Source	Amount	IR	MIP	Term	Amort	Recourse	Lien Priority	Const. or End Loan	Cash Flow Prov.
Permanent Amortizing	LMIR / HRS	$1,425,000	3.25%	0.125%	35	35	No	1	n/a	n/a

First Mortgage Loan to Cost: 100% **First Mortgage Loan to Value:** 76%

E. Significant Changes Since Date of Selection

Not applicable

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$1,317,000	$37,629
Construction Costs	0	0
Environmental Abatement	0	0
Professional Fees	$39,969	$1,142
Developer Fee	$30,000	$857
Financing Costs	$38,031	$1,087
Total Mortgageable Costs	$1,425,000	$40,714
Reserves	0	0
Total Development Cost	$1,425,000	$40,714

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR First Mortgage	$1,425,000	$40,714
Total Permanent Financing	$1,425,000	$40,714

C. Financing Structure

The LMIR first mortgage will have a 3.25% interest rate with a 35-year term and amortization. The loan will be insured under the HUD Risk-sharing program.

No rehabilitation will occur with this refinance. Reserves will be maintained and are sufficient to fund future repairs.

D. Cost Reasonableness

There is no rehabilitation as part of this refinance transaction.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1 BR	6	868	60%	60%	n/a
1 BR	26	997	60%	60%	n/a
2 BR	1	1,031	60%	60%	n/a
2 BR	2	1,180	60%	60%	n/a

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

The following are new restrictions under the Minnesota Housing refinance. These do not reflect existing rent and income restrictions for tax credits and deferred loans.

- LMIR Restrictions:
    - 14 units with rents and incomes at or below 60% MTSP
    - Up to 8 units may have unrestricted incomes
    - 13 units with incomes at or below 100% of the greater of area or statewide median income
    - 21 units with rents at Minnesota Housing determined market

B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines, unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio (DCR) in year 15 of 1.21.
- The project was underwritten at 5% vacancy, with 2% income and 3% expense inflators.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	BROWNstone
Sponsors:	Model Cities of St. Paul, Inc.
Guarantors:	Model Cities of St. Paul, Inc.
Location of Development:	St. Paul
Number of Units:	35
Amount of LMIR Mortgage: (not to exceed)	$1,425,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the refinance of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $1,425,000; and

2. The interest rate on the permanent LMIR loan shall be 3.25% per annum (subject to change, as set forth in the attached Agency term letter dated February 10, 2021), plus 0.125% per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization; and

3. The term of the permanent LMIR loan shall be 35 years; and

4. The loan closing shall occur on or before September 30, 2021; and

5. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

7. Model Cities of St. Paul, Inc. shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

8. The sponsor, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 25th day of March 2021

____

CHAIRMAN

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400 Wabasha Street North, Suite 400 St. Paul, MN 55102
P: 800.657.3769
F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

February 10, 2021

Kizzy Downie
Model Cities BROWNstone Limited Partnership
Model Cities of St. Paul, Inc.
839 University Ave W
St. Paul, MN 55104

RE: Term Letter
BROWNstone, St. Paul
MHFA Development #7722, Project #18682

Dear Ms. Downie:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: Model Cities BROWNstone Limited Partnership
General Partner/ Managing Member:	Model Cities BROWNstone, LLC
Development Description/Purpose:	Refinance of a 35-unit affordable housing development located in St. Paul, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)
Loan Amount	$1,425,000
Interest Rate	*3.25%
Mortgage Insurance Premium (%)	0.125% *(first year premium is paid in advance)*
Term	35
Amortization/Repayment	35
Prepayment Provision	No prepayment first 10 years from date of the Note.
Nonrecourse or Recourse	Nonrecourse

Construction/Permanent Loan or Construction Bridge Loan or End Loan	End Loan
Lien Priority	First

*Subject to change. Loan closing must occur by May 31, 2021 for the quoted interest rate to be valid; interest rate may be subject to adjustment after this date at Minnesota Housing's sole discretion.

Origination Fee: LMIR HUD Risk Share Loan: $28,500 (payable at loan closing)

Inspection Fee: Not applicable

Guaranty/Guarantor: Operations Guaranty to be provided by: Model Cities of St. Paul, Inc.

Operating Deficit Escrow Reserve Account: Not applicable

Operating Cost Reserve Account: Not applicable

Replacement Reserve Account: A replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $1,312.50. The replacement reserve will be held by Minnesota Housing.

Escrows: Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.

Collateral/Security: Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

HAP or other Subsidy Agreement: Not applicable

Rent and Income Requirements:

- 14 units with rents and incomes at or below 60% MTSP
- Up to 8 units may have unrestricted incomes
- 13 units with incomes at or below 100% of the greater of area or statewide median income
- 21 units with rents at Minnesota Housing determined market

Commitment to affordability in effect while the loan is outstanding.

February 10, 2021
Page 3

Other Occupancy Requirements: Not applicable

Other Requirements: Not applicable

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: The Terms will expire six months from the date of this letter.

Additional Terms: Not applicable

Other Conditions:

- Appraised value of at least $1,637,931.
- Deferred loans through the St. Paul HRA must be resubordinated and extended to be coterminous with the new first mortgage.
- The EDHC deferred loan will be extended to be coterminous with the new first mortgage.

Board Approval: Commitment of all loans under the LMIR program is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loan.

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Maggie Nadeau at Maggie.Nadeau@state.mn.us on or before February 24, 2021.

If you have any questions related to this letter, please contact Caryn Polito at 651.297.3123 or by e-mail at Caryn.Polito@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

February 10, 2021
Page 4

AGREED AND ACCEPTED BY:

MODEL CITIES BROWNSTONE LIMITED PARTNERSHIP

By: ______________________

Its: CEO/Chief Manager

Date Accepted: 2-11-2021

MINNESOTA HOUSING

Board Agenda Item: 9.A
Date: 3/25/2021

Item: Variable Rate Debt and Swap Report as of January 1, 2021.

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:
The Agency's board-approved Debt and Balance Sheet Management Policy calls for the ongoing review and management of swap transactions including regular report to the board. This reporting is accomplished through the Semi-annual Variable Rate Debt and Swap Performance Report.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):
- Semi-annual Variable Rate Debt and Swap Performance Report

MINNESOTA HOUSING

Semi-annual Variable-Rate Debt and Swap Performance Report

January 1, 2021

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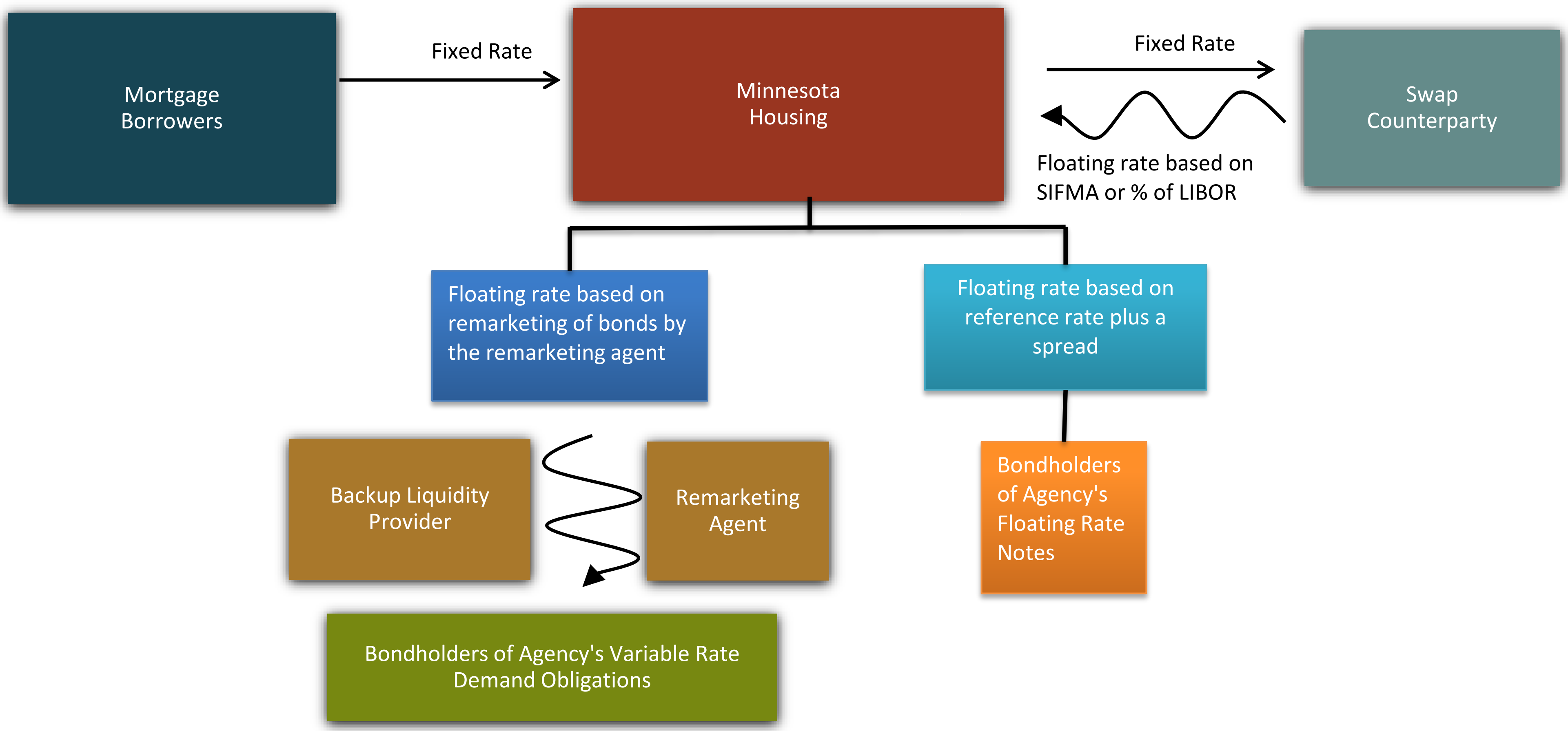
Floating-to-Fixed Interest Rate Swap Structure



Overview of Swaps

January 1, 2021

Bond Series	Effective Date	Original Notional Amount of Swap	Notional Amount Outstanding	Counterparty	Floating Rate Received
RHFB 2015 D	8/11/2015	$ 18,225,000	$ 18,225,000	Royal Bank of Canada	67% of LIBOR
RHFB 2015 G	12/8/2015	35,000,000	35,000,000	Royal Bank of Canada	67% of LIBOR
RHFB 2016 F	12/22/2016	50,000,000	50,000,000	Royal Bank of Canada	67% of LIBOR
RHFB 2017 C	1/1/2019	40,000,000	40,000,000	Wells Fargo	67% of LIBOR
RHFB 2017 F	12/21/2017	40,000,000	40,000,000	Wells Fargo	67% of LIBOR
RHFB 2018 D	6/28/2018	35,000,000	35,000,000	The Bank of New York Mellon	70% of LIBOR + 43 basis points
RHFB 2018 H	12/12/2018	35,000,000	35,000,000	Royal Bank of Canada	70% of LIBOR
RHFB 2019 D	4/11/2019	45,000,000	45,000,000	Royal Bank of Canada	70% of LIBOR
RHFB 2019 H	9/11/2019	43,985,000	43,985,000	The Bank of New York Mellon	100% of LIBOR
	Totals	**$ 342,210,000**	**$ 342,210,000**		

Basis Risk

January 1, 2021

Bond Series	Effective Date	VRDO's/FRB's and Swaps Outstanding	Net Variable Interest (Paid) Received Basis Risk (cumulative)	Contractual Swap Fixed Rate Paid	Effective Net Payment Rate*	Effective Rate As a Percentage of Swap Fixed Rate
RHFB 2015 D	8/11/2015	$ 18,225,000	$ (105,539)	2.343%	2.450%	104.586%
RHFB 2015 G	12/8/2015	35,000,000	(151,185)	1.953%	2.038%	104.368%
RHFB 2016 F	12/22/2016	50,000,000	(262,239)	2.175%	2.305%	105.991%
RHFB 2017 C	1/1/2019	40,000,000	(108,908)	2.180%	2.316%	106.245%
RHFB 2017 F	12/21/2017	40,000,000	(108,430)	2.261%	2.351%	103.960%
RHFB 2018 D	6/28/2018	35,000,000	(15,585)	3.1875%	3.205%	100.558%
RHFB 2018 H	12/12/2018	35,000,000	(424,245)	2.8035%	3.394%	121.062%
RHFB 2019 D	4/11/2019	45,000,000	(75,464)	2.4090%	2.506%	104.042%
RHFB 2019 H	9/11/2019	43,985,000	(55,703)	2.1500%	2.247%	104.512%
	Totals	**$ 342,210,000**	**$ (1,307,297)** [1]			

*Fixed Rate plus/minus the net of variable rate paid/received, as of 1/1/2021.

[1]The cumulative total variable interest paid of $10,807,943 on all outstanding VRDO's/FRB's and all variable interest received of $9,500,646 on the outstanding swaps results in a net payable of $1,307,297.

Counterparty/Termination Risk

January 1, 2021

Related Bond Series	Counterparty	Short-term Credit rating[1]	Long-term Credit Rating of Provider at Swap Inception[1]	Current Long-term Credit rating[1]	Long-term Credit Outlook[1]	Notional Amount Outstanding	Swap Maturity	average life	Swap Fixed Rate	Fair Value[2] as of 12-31-2020
RHFB 2015 D	Royal Bank of Canada	P-1/A-1+	Aaa/AA-	Aa2/AA-	Stable/Stable	18,225,000	1/1/2046	27.4	2.343%	(790,494)
RHFB 2015 G	Royal Bank of Canada	P-1/A-1+	Aa3/AA-	Aa2/AA-	Stable/Stable	35,000,000	1/1/2034	15.7	1.953%	(1,469,682)
RHFB 2016 F	Royal Bank of Canada	P-1/A-1+	Aa1/AA+	Aa2/AA-	Stable/Stable	50,000,000	1/1/2041	19.2	2.175%	(3,061,434)
RHFB 2018 H	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	35,000,000	7/1/2041	18.7	2.8035%	(3,059,722)
RHFB 2019 D	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	45,000,000	1/1/2042	18.5	2.4090%	(4,071,645)
	Total Royal Bank of Canada					**183,225,000** [3]				**(12,452,978)**
RHFB 2018 D	The Bank of New York Mellon	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	35,000,000	1/1/2045	23.3	3.1875%	(2,284,964)
RHFB 2019 H	The Bank of New York Mellon	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	43,985,000	1/1/2047	25.7	2.1500%	(4,074,428)
	Total The Bank of New York Mellon					**78,985,000** [3]				**(6,359,393)**
RHFB 2017 C	Wells Fargo Bank	P-1/A-1	Aa2/AA-	Aa2/A+	Negative/Stable	40,000,000	1/1/2038	16.8	2.180%	(2,771,996)
RHFB 2017 F	Wells Fargo Bank	P-1/A-1	Aa2/AA-	Aa2/A+	Negative/Stable	40,000,000	1/1/2041	19.7	2.261%	(1,724,310)
	Total Wells Fargo					**80,000,000** [3]				**(4,496,306)**
	Total All Swaps					**$ 342,210,000**				**$ (23,308,677)**

[1]Moody's/Standard & Poors

[2]A positive fair value represents money due the Agency from the Counterparty upon termination. A negative number represents money payable by the Agency upon termination. Valuations are provided by BLX.

[3]Counterparty Exposure Percentage:

Royal Bank of Canada	54%
The Bank of New York Mellon	23%
Wells Fargo	23%

Liquidity Risk
January 1, 2021

Bond Series	Current Liquidity Provider	Remarketing Agent	Short-term Credit Rating[1]	Long-term Credit Rating[1]	Long-term Credit Outlook[1]	VRDO's Outstanding		VRDO Maturity	Liquidity Facility Expiration	Liquidity Fee
RHFB 2015 D	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	$ 18,225,000		1/1/2046	8/11/2022	0.65%
RHFB 2015 G	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	35,000,000		1/1/2034	1/2/2023	0.65%
RHFB 2017 F	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	40,000,000		1/1/2041	1/2/2023	0.40%
RHFB 2019 D	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	45,000,000		1/1/2042	7/1/2024	0.34%
	Royal Bank of Canada subtotal					**138,225,000**	3			
RHFB 2016 F	FHLB - Des Moines[2]	Royal Bank of Canada	P-1/A-1+	Aaa/AA+	Stable/Stable	50,000,000		1/1/2041	1/2/2024	0.55%
RHFB 2017 C	FHLB - Des Moines[2]	Royal Bank of Canada	P-1/A-1+	Aaa/AA+	Stable/Stable	40,000,000		1/1/2038	7/19/2024	0.60%
	FHLB - Des Moines subtotal					**90,000,000**	3			
RHFB 2019 H	US Bank	US Bank Municipal Securities	P-1/A-1	A1/A+	Negative/Stable	**43,985,000**		1/1/2050	9/10/2024	0.33%
	US Bank subtotal					**43,985,000**	3			
	Total All Liquidity Providers					**$ 272,210,000**				

[1]Moody's/Standard & Poors

[2]Federal Home Loan Bank of Des Moines

[3]Liquidity Provider Exposure Percentage:

Royal Bank of Canada	51%
Federal Home Loan Bank of Des Moines	33%
US Bank	16%

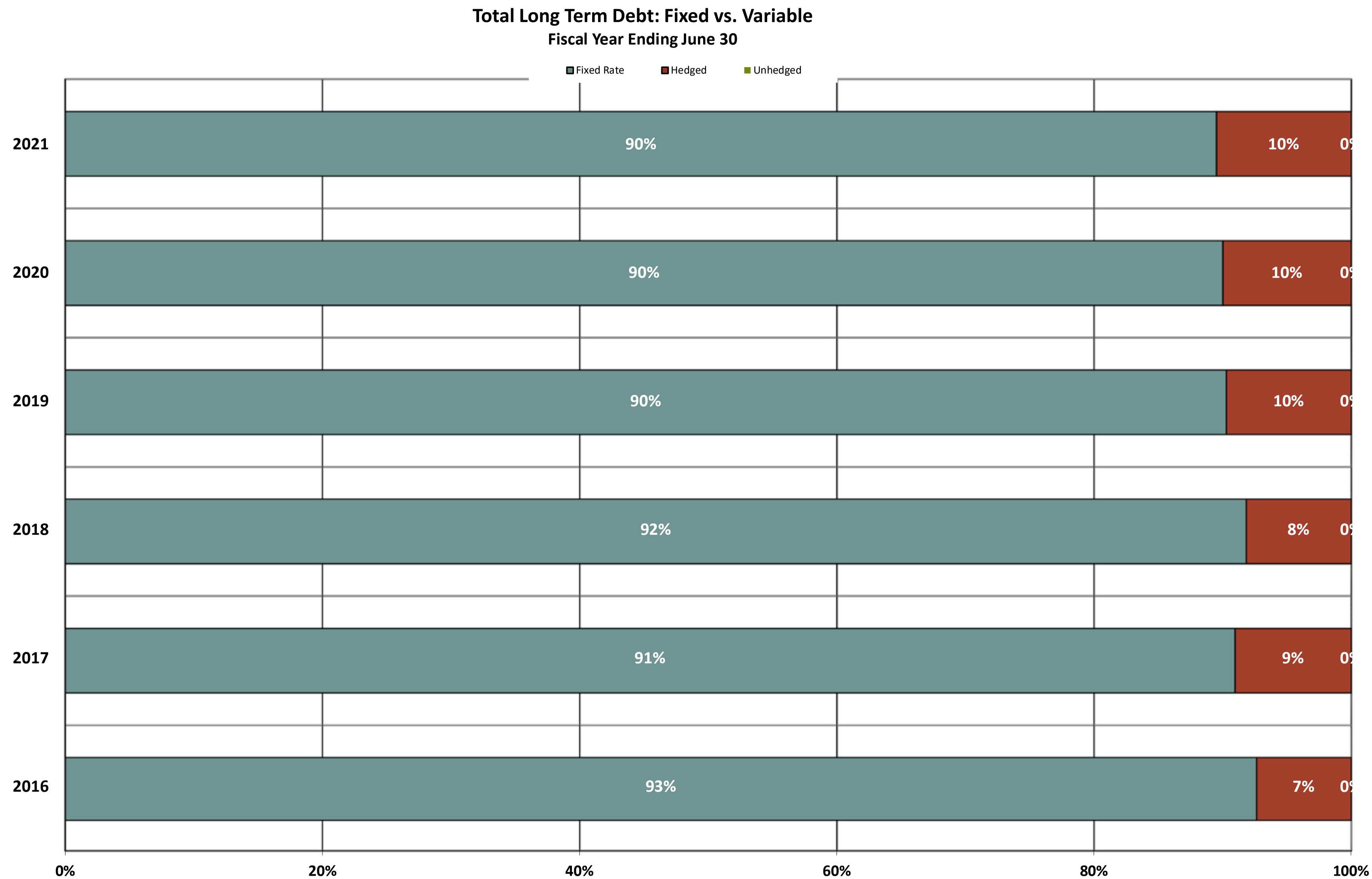
Note: RHFB 2018 D and RHFB 2018 H (FRB's)-No liquidity provider or remarketing agent.

Liquidity Renewal Requirements
January 1, 2021

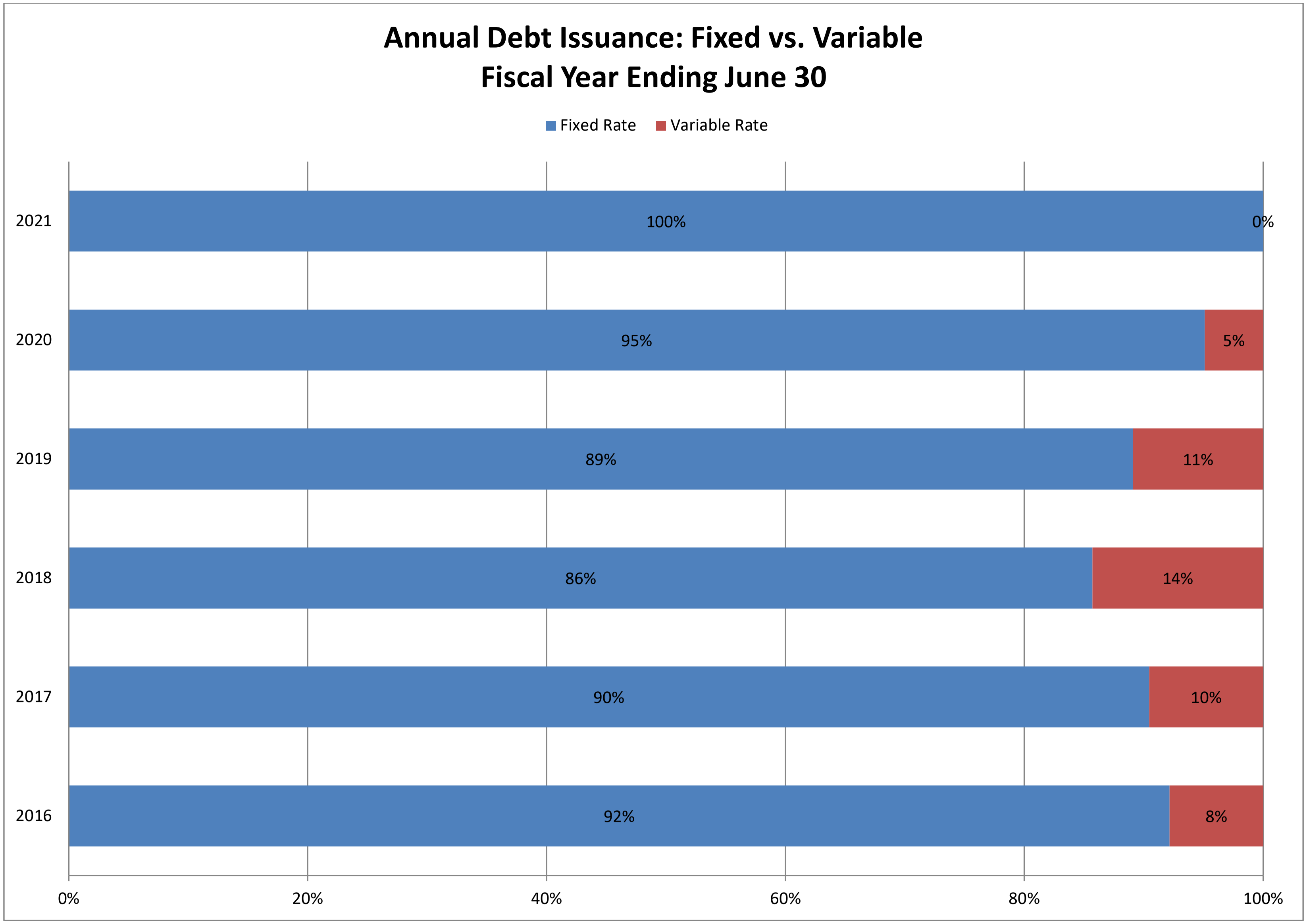
Issue	Liquidity Provider	Final Swap Maturity	Full Optional Termination Date	Liquidity Expiration Date	Original Notional Amount	Outstanding Notional Amount as of 01/01/2021	Scheduled Notional Amount Outstanding at Liquidity Expiration	Minimum Notional Amount Outstanding at Liquidity Expiration	Swap Counterparty
2015 D	Royal Bank of Canada	1/1/2046	7/1/2022	8/11/2022	$ 18,225,000	$ 18,225,000	$ 18,225,000	-	RBC[1]
2015 G	Royal Bank of Canada	1/1/2034	1/1/2023	1/2/2023	35,000,000	35,000,000	35,000,000	-	RBC[1]
2017 F	Royal Bank of Canada	1/1/2041	1/1/2023	1/2/2023	40,000,000	40,000,000	40,000,000	-	WF[3]
2019 D	Royal Bank of Canada	1/1/2042	7/1/2024	7/1/2024	45,000,000	45,000,000	45,000,000	-	RBC[1]
	Royal Bank of Canada subtotal				138,225,000	138,225,000	138,225,000	-	
2016 F	FHLB - Des Moines[2]	1/1/2041	1/1/2024	1/2/2024	50,000,000	50,000,000	50,000,000	-	RBC[1]
2017 C	FHLB - Des Moines[2]	1/1/2038	7/1/2024	7/19/2024	40,000,000	40,000,000	40,000,000	-	WF[3]
	FHLB - Des Moines subtotal				90,000,000	90,000,000	90,000,000	-	
2019 H	US Bank	1/1/2047	1/1/2027	9/10/2024	43,985,000	43,985,000	43,985,000	42,620,000	BoNY[4]
	US Bank subtotal				43,985,000	43,985,000	43,985,000	42,620,000	
	Total All Liquidity Providers				$ 272,210,000	$ 272,210,000	$ 272,210,000	42,620,000	

[1]Royal Bank of Canada [2]Federal Home Loan Bank of Des Moines [3]Wells Fargo [4] Bank of New York

Note: RHFB 2018 D and RHFB 2018 H (FRB's)-No liquidity provider or remarketing agent.



Only includes Rental Housing Bonds, Residential Housing Finance Bonds, Homeownership Finance Bonds, Multifamily Housing Bonds



Only includes Rental Housing Bonds, Residential Housing Finance Bonds, Homeownership Finance Bonds, Multifamily Housing Bonds and HOMES[SM] Certificates.

Glossary of Terms

The following are explanations of certain terms used in this presentation:

Amortization Risk

Minnesota Housing is subject to amortization risk on its hedged VRDOs because the prepayments from mortgage loans securing the bonds may cause the outstanding principal amount of bonds to decline faster than the nominal amount of the swap. To manage amortization risk, termination options have been structured into its outstanding swaps to enable Minnesota Housing in certain circumstances to reduce the nominal amounts of the swaps to correspond to the outstanding principal amount of the bonds hedged by the swap. Additionally, Minnesota Housing may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

Basis Risk

Basis risk refers to a mismatch between the floating interest rate received from the swap counterparty and the interest actually paid on the related series of Minnesota Housing’s variable rate bonds. Under its outstanding swaps, Minnesota Housing pays a fixed interest rate and in return receives a floating variable rate based on LIBOR or the SIFMA Municipal Swap index, plus a specified spread if the swap relates to tax-exempt bonds. Minnesota Housing’s bonds hedged by its swaps bear interest at a variable rate that is reset weekly, based on market conditions. Minnesota Housing’s risk is that the variable interest payments received from the counterparty will be less than the variable interest payments actually paid on the bonds. This mismatch between the actual bond interest rate and the swap floating interest rate would cause additional interest expense to Minnesota Housing. A mismatch could occur for various reasons, including an increased supply of tax-exempt bonds, deterioration of the credit quality of Minnesota Housing or the liquidity facility provider, or a reduction of federal income tax rates for corporations and individuals. Basis risk varies over time due to inter-market conditions. Tax risk is a form of basis risk.

Counterparty Risk

Counterparty risk is the risk that the swap counterparty will not perform pursuant to the swap contract’s terms, either in making regular payments or termination payments. Under a fixed payor swap, for example, if the counterparty defaults, Minnesota Housing could be exposed to unhedged variable rate bonds. The creditworthiness of the counterparty is indicated by its senior unsecured long-term credit rating. The outstanding swap agreements contain varying collateral requirements based on the respective parties’ credit ratings and the fair value of the swaps to mitigate potential credit risk exposure.

FRB’s

Floating-rate bonds (“FRBs”) are securities which offer interest rates that periodically reset to changes in a representative interest rate index, normally plus a spread. They can be issued at any maturity, including with nominal long-term maturities that include a mandatory tender following the stated floating rate period. FRBs do not require liquidity support.

LIBOR

US Dollar London Interbank Offered Rate, One Month maturity.

Glossary of Terms (continued)

Liquidity Risk
Issuers of VRDOs face liquidity risk due to the ability of holders of the bonds to tender them for purchase upon short notice. The bonds are to be remarketed by a remarketing agent appointed by the issuer, but if the remarketing were to fail, the liquidity facility provider providing liquidity support to cover tenders would be required to purchase the bonds. In such event, the bonds, known as “bank bonds,” would bear interest at a higher “bank rate” and be subject to principal amortization over a much shorter period than their stated terms. The bank rate typically floats at a few percentage points higher than the prime rate. Because of turmoil in the financial markets, substantially fewer financial institutions are providing liquidity facilities and at a substantially higher cost. Consequently, at the expiration of a liquidity facility, Minnesota Housing may have difficulty obtaining a replacement liquidity facility or may have to pay substantially higher fees.

SIFMA
Securities Industry and Financial Markets Association.

Tax Risk
All issuers who issue tax-exempt variable rate debt inherently accept risk arising from changes in marginal federal income tax rates. For variable rate tax-exempt bonds hedged with LIBOR-based swaps, basis risk may be realized if changes in the federal tax code alter the historical relationship between taxable and tax-exempt short-term rates on which the swap was structured.

Termination Risk
Termination risk is the risk that the swap may be terminated as a result of any of events specified in the swap, which may include a ratings downgrade for Minnesota Housing or its counterparties, covenant violation by either party, bankruptcy of either party, swap payment default by either party, events of default under the bond resolution and certain specified termination events.

Upon a termination of the swap at fair value, a termination payment may be due by one party to the other based upon the fair value of the swap at the time (even if the payment is owed to the defaulting party). The potential termination risks to Minnesota Housing are the liability for a termination payment to the counterparty or the inability to replace the swap with favorable financial terms, in which event the variable rate bonds would no longer be hedged. Under its outstanding swaps, Minnesota Housing has the ability in certain circumstances to terminate the swap in whole or in part at par, rather than at fair value, in order to mitigate amortization risk.

VRDOs
Variable Rate Demand Obligations (“VRDOs”) are floating rate bonds that have a stated long-term maturity but bear interest at a short-term rate that is reset periodically (generally weekly). The holder of the bonds has the option to tender the bonds for purchase upon short notice (generally seven days). If the bonds cannot be remarketed by the remarketing agent, the liquidity facility provider (and not the issuer) is obligated to purchase the bonds.

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MINNESOTA HOUSING

Board Agenda Item: 9.B
Date: 3/25/2021

Item: Post-Sale Report, Minnesota Homeownership Finance Bonds (HFB) 2021 Series A (Taxable)

Staff Contact(s):
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Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☐ Discussion
☐ Resolution	☒ Information

Summary of Request:
The Agency sold $83,327,541 of Homeownership Finance Bonds on February 10, 2021 with a closing on February 24, 2021. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
Post-Sale Report

Agenda Item: 9.B
Post-Sale Report

Via Email Delivery

MEMORANDUM

Date:	**February 19, 2021**
To:	**Minnesota Housing Finance Agency**
From:	**Gene Slater, Tim Rittenhouse, David Jones, Eric Olson**
Re:	**Post-Sale Report** **$83,327,541 Homeownership Finance Bonds (HFB)** **2021 Series A (Taxable)**

BOND CRITERIA

The 2021 Series A Homeownership Finance Bonds financed single-family new production with taxable pass-through bonds.

The key criteria for issuing the debt were:

1. ***Avoid major interest rate risk*** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.

2. ***Maintain high ratings on all Minnesota Housing single-family bonds***, with this issue rated Aaa.

3. ***Enable Minnesota Housing to continue ongoing contributions to key state housing needs*** by strengthening its long-term sustainability.

4. ***Use bond volume cap as efficiently and sparingly as possible,*** to continue both its single-family and multi-family programs.

KEY RESULTS FOR MINNESOTA HOUSING

Key Measurable Objectives. Minnesota Housing's objectives for each issue reflect its overall goal: Maintain a long-term sustainable program that continues to finance production on the balance sheet so long as this is the best execution. Minnesota Housing therefore seeks to:

1. Obtain a present value return for Minnesota Housing at least similar to selling the same MBS in the secondary market, assuming a reasonable prepayment speed.

2. Obtain, if possible, the 1.125% spread on the overall issue that the IRS would allow if the issue were all tax-exempt.

3. Balance the amount of (a) new volume cap needed in financing such production and (b) the amount of zero participations required, so that the Agency can continue its program in future years.

4. Where possible, use opportunities to balance the impact of hedge gains and losses across transactions on Agency current year income.

Accomplishments. The results were extraordinarily successful in meeting Minnesota Housing's objectives:

- ***Leveraging Limited Volume Cap.*** The issue was structured so that Minnesota Housing could finance $83.328 million of new mortgages on-balance-sheet without any volume cap, given the current interest by investors in these taxable bonds; this reflects the Federal Reserve's enormous purchases of taxable debt, pushing rates to all-time lows.

- ***Spread and Zero Participations***. The agency received an overall spread of 1.39%. No zero participations were created or used since this was an all-taxable financing.

- ***Attractive Bond Yield.*** The bond yield was 1.58%, by far the lowest on any Minnesota new money taxable pass-through issue. The yield was lower than a traditional fixed-rate all tax-exempt issue.

- ***Economic Return to Minnesota Housing.*** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding. The break-even prepayment speed[1] compared to selling the loans was 148% PSA.

  The net present value to Minnesota Housing (after net service release premiums and hedge losses) is projected to be approximately $3.8 million (4.5% of the issue) at 150% PSA prepayment speed.

- ***Hedging.*** The loan production pipeline remained fully hedged until bonds were sold. Minnesota Housing had a loss of $0.294 million when it terminated the hedges.

- ***Sizing and Investor Demand.*** The issue was sized based on the MBS delivery pipeline for Start-Up loans. In addition, Minnesota Housing also sold approximately $18.2 million of MBS with Start-Up loans and invested in an Interest-Only strip on those MBS to receive ongoing spread income from those MBS as well.

Implications. Key implications include:

- ***Pass-Through Approach***. Minnesota Housing continues to be the national leader in issuing single-family pass-through bonds to help finance production on-balance-sheet. The net financial benefit

[1] The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

from pass-through bonds compared to traditionally structured bonds varies from issue to issue. Given varying levels of demand for such bonds, the Agency has been timing and sizing the mix of tax-exempt and taxable pass-through series based on the demand from investors.

- ***Balance Sheet Management.*** Minnesota Housing continues to be able to finance Start-Up loans for first-time homebuyers in a way that provides long-term annual revenues for the Agency's future.

- ***Volume Cap.*** To help address demand for private activity volume cap for both single-family and multi-family housing, the Agency was able to issue the bonds using taxable debt.

TIMING AND STRUCTURE

Timing. The bonds were priced on Wednesday, February 10, for closing on Wednesday, February 24, 2021.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Continue to include a 9.5-year par call at Minnesota Housing's option, so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.

- Include GNMA, FNMA and FHLMC MBS in the issue, with no percentage limit on any category. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline.

Rating. Bonds under the HFB indenture are rated Aaa by Moody's.

BOND SALE RESULTS. Key highlights are:

1. ***Investor Interest.*** This taxable issue was oversubscribed by 6.4 times, enabling Minnesota Housing to
2. reduce the bond yield very significantly, by 7 basis points from 1.65% to 1.58%. This was an extraordinary level of interest, especially since the spread to the 10 year Treasury was the tightest ever achieved by Minnesota Housing on any pass-through transaction (taxable or tax-exempt) at 43 basis points.

3. ***Treasuries.*** The yields on Treasuries dropped dramatically during the pandemic, given the economic contraction, and extraordinary Federal Reserve efforts to lower rates by buying both Treasuries and MBS. The 10 year UST yield of 1.88% at the beginning of January to 0.54% when 2020 HFB Series A priced on March 9, 2020 Thereafter, the 10 year UST mostly fluctuated in a range, between 0.55% and 0.85% for many months until November. With the Presidential election and news of the first successful trial of a vaccine suggesting long-term economic recovery, rates began to increase. The 10 year UST yields was 0.96% when 2020 HFB Series was priced on Nov. 9, was 0.93% at the beginning of 2021, and then broke through the 1.0% level in early January. The 10 year UST yield was 1.15% when Series 2021 A was priced.

4. ***Municipals.*** As the pandemic affected financial markets, there was a global flight to quality to Treasuries and mortgage-backed securities (boosted by the Federal Reserve's own purchases of each).

The municipal bond market initially underperformed Treasuries as municipal bond investors pulled back there. As a result, the ratio of MMD to Treasuries increased dramatically. The 10 MMD year rose from about 80% of the 10 year Treasury to double that level. Starting in late April 2020, however many investors returned to municipals, driving muni yields down, often by 5 to 10 basis points per day, generating many months of inflows to municipal bond funds. The combination of this enormous surge of demand by buyers and limited municipal supply has pushed MMD to lower and lower absolute levels, and to very low ratio compared to Treasuries. For example, since 2020 HFB E was priced in November, the 10 year Treasury yield increased by 19 basis points, but the 10 year MMD dropped by 17 basis points. The 10 year MMD was thus at 0.60% of the 10 year Treasury on the date of pricing. Municipals are thus very rich compared to Treasuries, e.g. provide relatively less return to investors, but demand continues to be very strong.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio
2019 HFB E	6/13/19	2.10%	1.66%	79.0%
2019 HFB F	7/16/19	2.13%	1.58%	74.2%
2019 RHFB EFGH	*8/20/19*	*1.55%*	*1.23%*	*79.4%*
2019 HFB G	11/13/19	1.88%	1.58%	84.0%
2019 HFB H	12/11/19	1.79%	1.42%	79.3%
2020 RHFB ABC	*1/23/20*	*1.74%*	*1.25%*	*71.8%*
2020 HFB A	3/9/20	0.54%	0.78%	144.4%
2020 HFB BC	5/13/20	0.64%	1.09%	170.3%
2020 RHFB DE	*6/9/20*	*0.84%*	*0.88%*	*104.8%*
2020 HFB D	8/6/20	0.55%	0.59%	107.3%
2020 RHFB FG	*9/15/20*	*0.68%*	*0.84%*	*123.5%*
2020 HFB E	**11/9/20**	**0.96%**	**0.86%**	**89.6%**
2020 RHFB HI	*12/9/20*	*0.95%*	*0.71%*	*74.7%*
2021 HFB A	**2/10/21**	**1.15%**	**0.69%**	**60.0%**
Change from 2020 HFB E		**+19 bp**	**-17 bp**	**-29.6%**

5. ***Comparison to GNMA Yields.*** Investors compare yields on pass-through issues to current-coupon GNMAs, although pass-through bonds provide much less liquidity in the global markets. Although GNMA yields increased by 27 basis points since the last taxable pass-through, 2020 E, Minnesota Housing's taxable bond yield *dropped* 10 basis points. Minnesota's spread to GNMA's therefore improved to 11 basis points, achieving a yield below that of far more liquid GNMA's. One reason is that investors purchase pass-through bonds at par, rather than paying 6 points premium to buy GNMA's themselves; they thus are much less exposed to prepayment risks, which have been magnified in recent months as mortgage rates have dropped.

Recent Minnesota Taxable Pass-Through Transactions

	2019 E June 19	**2019 F July 19**	**2019 G Nov. 19**	**2020 A Mar. 20**	**2020 C May 13**	**2020 D Aug. 6**	**2020 E Nov. 9**	**2021 A Feb. 10**
Minn. Housing bond yield	3.25%	3.23%	3.02%	**2.365%**	**2.45%**	**1.92%**	**1.68%**	**1.58%**
Yield on GNMA I, 3.0 current coupon, at dealer prepay speed	2.71%	2.70%	2.58%	**2.07%**	**1.84%**	**1.48%**	**1.74%**	**1.47%**
Minn. Housing v. GNMA	+54 bp	+53 bp	+44 bp	**+29.5 bp**	**+61 bp**	**+44 bp**	**-6 bp**	**+11 bp**

6. ***Comparable Pass-Through Transactions:*** Aside from Minnesota Housing, other issuers of taxable pass-through bonds for new production include Colorado, Virginia and Missouri. While spreads to Treasury and GNMA indices have shifted dramatically during the pandemic, the yields on Minnesota Series 2021A, and the spread to Treasuries was the lowest ever achieved on any state new money pass-through issue.

State HFA Taxable New Money Pass-Through Transactions

	CO 2019 CC	**VA 2020 A**	**MN 2020 A**	**CO 2020 AA**	**CO 2020 BB**	**MN 2020 C**	**MN 2020 D**	**MO 2020 E**	**MN 2020 E**	**MN 2021 A**
Size (mill.)	$65.0	$120.8	$44.0	$55.0	$45.4	$38.0	$100.0	$33.4	$40.1	**$82.3**
Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	AA+	Aaa	**Aaa**
Pricing Date	11/20	1/17	3/9	3/11	4/14	5/13	8/6	10/15	11/9	**2/10**
Price	Par	Par	101	Par	Par	Par	Par	Par	Par	**Par**
Ave. Life at 150% PSA (years)	8.9	8.6	8.7	8.8	8.8	8.6	8.7	8.5	8.6	**8.5**
Yield	2.907%	2.85%	2.365%	2.35%	2.60%	2.45%	1.92%	1.85%	1.68%	**1.58%**
Spread to 10yr US Treas. (bp)	+115	+101	+183	+153	+184	+181	+137	+111	+72	**+43**

Spread to 3% GNMA (at Dealer Prepay Speed) (bp)	+46	+37	+30	+0	+122	+61	+44	+11	-6	**+11**
Underwriter	RBC	BofA	RBC	RBC	RBC	RBC	RBC	Stifel	RBC	**RBC**

Underwriters. RBC was the senior manager; regular co-managers were J.P. Morgan, Piper Sandler and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, in the same range as fees for other housing issues of similar size and structure.

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ISSUE DETAILS

Economic Calendar. Almost all economic news over the last year has been driven by the COIVID-19 pandemic and its current and expected impact on the economy. Eleven months into the pandemic, initial jobless claims remain at about 800,000 per week; the unemployment rate is about 6.3% (not counting many workers no longer seeking jobs). Indeed, on the day of the bond sale, Federal Reserve Chairman estimated the effective unemployment rate is about 10%. In other economic news, the consumer price index came in at 0.3%, in line with expectations, and the core consumer price index came in at 0.0%, slightly lower than the 0.1% expected. These very low inflation measures further reinforce the Federal Reserve's determination to keep interest rates near 0% for the foreseeable future.

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or buying Minnesota Housing's bonds backed by MBS. As described above, bond purchasers look as much to the spread between Minnesota Housing's pass-through bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries or MMD.

Type	Delivery	Coupon	Measure	July 16, 2019	Nov 13, 2019	Dec. 11, 2019	Mar. 9, 2020	May 13, 2020	Aug. 6, 2020	Nov. 9, 2020	Feb. 10, 2021
GNMA	Current	3.0	Price	101.52	102.08	102.72	103.58	105.36	105.08	103.52	**104.04**
			Yield*	2.70%	2.58%	2.43%	2.07%	1.84%	1.48%	1.74%	**1.47%**
			Dealer Forecast % PSA	205%	210%	224%	303%	306%	442%	510%	**525%**
FNMA	Current	3.5	Price	102.11	102.36	102.69	104.14	105.48	105.58	105.63	106.33
			Yield*	2.85%	2.78%	2.61%	1.31%	0.80%	0.53%	0.79%	0.28%
			Dealer Forecast % PSA	383%	407%	443%	735%	774%	787%	673%	681%
10yr US Treas.	n/a	n/a	Yield	2.13%	1.88%	1.79%	0.54%	0.64%	0.55%	0.96%	**1.15%**
10yr MMD	n/a	n/a	Yield	1.58%	1.58%	1.42%	0.78%	1.09%	0.59%	0.86%	**0.69%**
GNMA % of 10-Year Treasury	n/a	n/a	Yield*	126.8%	137.2%	135.8%	383.3%	287.5%	269.1%	181.3%	**127.8%**
GNMA % of 10-Year MMD	n/a	n/a	Yield*	170.9%	163.3%	171.1%	265.4%	168.8%	250.8%	202.3%	**213.0%**
Minnesota Housing	Tax-exempt/	n/a	Yield	n.a.	n.a.	2.47%	n.a.	2.35%	n.a.	n.a.	**n.a.**
	Taxable			3.25%	3.02%	n.a	2.365%	2.45%	1.92%	1.68	**1.58**

* Yield at dealer forecast prepayment speed

TAXABLE PASS-THROUGH HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	2/10/21		11/9/20		10/15/20		9/10/20		8/6/20		7/16/20	
Amount	$83,327,541		$40,067,034		$33,399,638		$12,240,717		$100,000,000		$26,284,178	
Issuer	Minnesota HFA		Minnesota HFA		Missouri HDC		Orange Co. HFA (FL)		Minnesota HFA		Nevada HD	
Series	2021 Series A		2020 Series E		2020 Series E		Series 2020B		2020 Series D		Series 2020A	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		- / AA+ / -		Aaa / - / -		Aaa / - / -		- / AA+ / -	
Tax Status	Taxable		Taxable		Taxable		Taxable		Taxable		Taxable	
Use of Funds	New Money		New Money		New Money		New Money		New Money		Refunding	
Maturity	2051		2050		2050		2050		2050		2044	
Price	100.000		100.000		100 / 101.129		100.000		100.000		100.000	
Coupon/Yield	1.580		1.680		1.85 / 2.00C/1.85Y		1.650		1.920		1.900	
Indicator	Indicative Yield 2/10/21	Spread	Indicative Yield 11/9/20	Spread	Indicative Yield 10/15/20	Spread	Indicative Yield 9/10/20	Spread	Indicative Yield 8/6/20	Spread	Indicative Yield 7/16/20	Spread
5-Year US Treasury	0.46	+112	0.44	+124	0.32	+153	0.26	+139	0.21	+171	0.28	+162
7-Year US Treasury	0.80	+78	0.70	+98	0.52	+133	0.46	+119	0.39	+153	0.46	+144
10-Year US Treasury	1.15	+43	0.96	+72	0.74	+111	0.68	+97	0.55	+137	0.62	+128
3% GNMA I @ 100% PSA	2.50	-92	2.57	-89	2.58	-73	2.46	-81	2.40	-48	2.37	-47
3% GNMA I @ Dlr Forecast	1.47 (525%)	+11	1.74 (510%)	-6	1.74 (530%)	+11	1.49 (494%)	+16	1.48 (442%)	+44	1.59 (386%)	+31
9-Year MMD	0.61	+97	0.76	+92	0.84	+101	0.74	+91	0.52	+140	0.68	+122
10-Year MMD	0.69	+89	0.86	+82	0.94	+91	0.84	+81	0.59	+133	0.75	+115
MBS PREPAY HISTORY (%PSA)												
Past 3 months	-		-		-		1082%		-		254%	
Past 6 months	-		-		-		898%		-		228%	
Past 12 months	-		-		-		303%		-		212%	
Since issuance	-		-		-		942%		-		288%	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	10.4		10.5		10.5		10.2		10.7		7.9	
At 150% PSA	8.5		8.6		8.5		8.2		8.7		6.6	
At 200% PSA	7.2		7.2		7.1		6.8		7.3		5.6	
At 300% PSA	5.4		5.4		5.3		4.9		5.5		4.1	
WEIGHTED AVERAGE MORTGAGE RATE	3.50%		3.36%		-		4.59%		3.61%		4.14%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	2.82%		2.94%		-		4.32%		3.24%		3.64%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358		358		-		346		359		249	
Notes					Included a par bond at 1.85% C/Y and a 101.129 premium bond at 2.00%C / 1.85%Y at 150% PSA							
Sr Manager	RBC Capital Markets		RBC Capital Markets		Stifel		RBC Capital Markets		RBC Capital Markets		J.P. Morgan	

TAXABLE PASS-THROUGH HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	7/14/20		6/11/20		5/13/20		5/13/20		4/17/20		4/14/20	
Amount	$17,850,670		$12,395,143		$18,000,062		$37,978,984		$75,470,076		$45,396,705	
Issuer	Louisiana HC		Texas DHCA		Minnesota HFA		Minnesota HFA		Missouri HDC		Colorado HFA	
Series	Series 2020A		2020 Series B		2020 Series B		2020 Series C		2020 Series B		Series 2020BB	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / AA+ / -		Aaa / - / -		Aaa / - / -		- / AA+ / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Tax Exempt, Non-AMT		Taxable		Taxable		Taxable	
Use of Funds	Refunding		Refunding		New Money		New Money		Refunding		New Money	
Maturity	2041		2036		2050		2050		2043		2050	
Price	100.000		100.000		100.000		100.000		100 / 101.944		100.000	
Coupon/Yield	2.050		2.000		2.350		2.450		2.25 / 2.625C/2.25Y		2.600	
Indicator	Indicative Yield 7/14/20	Spread	Indicative Yield 6/11/20	Spread	Indicative Yield 5/13/20	Spread	Indicative Yield 5/13/20	Spread	Indicative Yield 4/17/20	Spread	Indicative Yield 4/14/20	Spread
5-Year US Treasury	0.28	+177	0.32	+168	0.31	+204	0.31	+214	0.36	+189	0.42	+218
7-Year US Treasury	0.47	+158	0.51	+149	0.50	+185	0.50	+195	0.53	+172	0.61	+199
10-Year US Treasury	0.63	+142	0.66	+134	0.64	+171	0.64	+181	0.65	+160	0.76	+184
3% GNMA I @ 100% PSA	2.37	-32	2.35	-35	2.37	-2	2.37	+8	2.17	+8	2.18	+42
3% GNMA I @ Dlr Forecast	1.60 (382%)	+45	1.76 (314%)	+24	1.84 (306%)	+51	1.84 (306%)	+61	1.35 (319%)	+90	1.38 (319%)	+122
9-Year MMD	0.71	+134	0.77	+123	1.02	+133	1.02	+143	0.99	+126	0.99	+161
10-Year MMD	0.78	+127	0.85	+115	1.09	+126	1.09	+136	1.07	+118	1.07	+153
MBS PREPAY HISTORY (%PSA)												
Past 3 months	77%		98%		-		-		134%		-	
Past 6 months	60%		118%		-		-		186%		-	
Past 12 months	109%		110%		-		-		203%		-	
Since issuance	114%		146%		-		-		223%		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	7.7		5.7		10.5		10.5		7.9		10.8	
At 150% PSA	-		5.0		8.6		8.6		6.6		8.8	
At 200% PSA	5.5		4.4		7.2		7.2		5.6		7.3	
At 300% PSA	4.1		3.5		5.4		5.4		4.2		5.5	
WEIGHTED AVERAGE MORTGAGE RATE	4.42%		5.29%		3.70%		3.70%		4.58%		4.06%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.92%		4.79%		3.15%		3.15%		4.08%		3.60%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	238		160		357		357		248		359	
Notes									Included a par bond at 2.25% C/Y and a 101.944 premium bond at 2.625%C / 2.25%Y at 200% PSA			
Sr Manager	J.P. Morgan		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		Stifel		RBC Capital Markets	

Pricing Date	4/14/20		3/11/20		3/9/20		12/11/19		11/13/19	
Amount	$150,659,258		$55,000,000		$43,964,432		$48,324,326		$90,294,924	
Issuer	Virginia HDA		Colorado HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series	2020 Series B		Series 2020AA		2020 Series A		2019 Series H		2019 Series G	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / AAA / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Taxable		Tax Exempt, Non-AMT		Taxable	
Use of Funds	Refunding		New Money		New Money		Refunding & New Money		New Money	
Maturity	2046		2050		2050		2050		2049	
Price	100.000		100.000		101.000		100.000		100.000	
Coupon/Yield	2.750		2.350		2.50C/2.365Y at 150% PSA		2.470		3.020	
Indicator	Indicative Yield 4/14/20	Spread	Indicative Yield 3/11/20	Spread	Indicative Yield 3/9/20	Spread	Indicative Yield 12/11/19	Spread	Indicative Yield 11/13/19	Spread
5-Year US Treasury	0.42	+233	0.66	+169	0.46	+191	1.64	+83	1.69	+133
7-Year US Treasury	0.61	+214	0.78	+157	0.56	+181	1.74	+73	1.79	+123
10-Year US Treasury	0.76	+199	0.82	+153	0.54	+183	1.79	+68	1.88	+114
3% GNMA I @ 100% PSA	2.18	+57	2.66	-31	2.52	-15	2.63	-16	2.72	+30
3% GNMA I @ Dlr Forecast	1.38 (319%)	+137	2.35 (294%)	-	2.07 (303%)	+30	2.43 (224%)	+4	2.58 (210%)	+44
9-Year MMD	0.99	+176	1.13	+122	0.73	+164	1.35	+112	1.50	+152
10-Year MMD	1.07	+168	1.19	+116	0.78	+159	1.42	+105	1.58	+144
MBS PREPAY HISTORY (%PSA)										
Past 3 months	-		-		-		191%		-	
Past 6 months	-		-		-		201%		-	
Past 12 months	-		-		-		162%		-	
Since issuance	-		-		-		191%		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	8.0		10.8		10.6		8.1		10.8	
At 150% PSA	6.7		8.8		8.7		6.7		8.7	
At 200% PSA	5.6		7.4		7.3		5.7		7.3	
At 300% PSA	4.2		5.5		5.5		4.3		5.4	
WEIGHTED AVERAGE MORTGAGE RATE	4.57%		4.22%		3.81%		4.68%		4.80%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	-		3.90%		3.20%		4.40%		4.26%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	254		359		358		252		356	
Notes							Refunding portion is $43.394MM or 90% of total par; prepay history shown above relates to refunding portion only			
Sr Manager	Wells Fargo		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

TAXABLE PASS-THROUGH HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	7/16/19		6/13/19		5/14/19		2/7/19	
Amount	$59,850,816		$45,949,045		$30,555,019		$30,351,057	
Issuer	Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series	2019 Series F		2019 Series E		2019 Series D		2019 Series B	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Taxable		Taxable	
Use of Funds	New Money		New Money		New Money		New Money	
Maturity	2049		2049		2049		2049	
Price	100.000		100.000		100.000		100.000	
Coupon/Yield	3.230		3.250		3.550		3.800	
Indicator	Indicative Yield 7/16/19	Spread	Indicative Yield 6/13/19	Spread	Indicative Yield 5/14/19	Spread	Indicative Yield 2/7/19	Spread
5-Year US Treasury	1.88	+135	1.84	+141	2.20	+135	2.46	+134
7-Year US Treasury	2.00	+123	1.96	+129	2.30	+125	2.54	+126
10-Year US Treasury	2.13	+110	2.10	+115	2.42	+113	2.65	+115
3% GNMA I @ 100% PSA	2.80	+43	2.80	+45	2.94	+61	3.13	+67
3% GNMA I @ Dlr Forecast	2.70 (205%)	+53	2.71 (195%)	+54	2.92 (173%)	+63	3.15 (147%)	+65
9-Year MMD	1.51	+172	1.59	+166	1.66	+189	2.04	+176
10-Year MMD	1.58	+165	1.66	+159	1.73	+182	2.14	+166
MBS PREPAY HISTORY (%PSA)								
Past 3 months	-		-		-		-	
Past 6 months	-		-		-		-	
Past 12 months	-		-		-		-	
Since issuance	-		-		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)								
At 100% PSA	10.9		11.0		11.0		11.0	
At 150% PSA	8.9		8.9		8.9		8.9	
At 200% PSA	7.4		7.4		7.5		7.5	
At 300% PSA	5.6		5.6		5.6		5.6	
WEIGHTED AVERAGE MORTGAGE RATE	4.72%		4.81%		4.78%		5.24%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.31%		4.38%		4.33%		4.56%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	359		359		359		358	
Notes								
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	